

BANKING

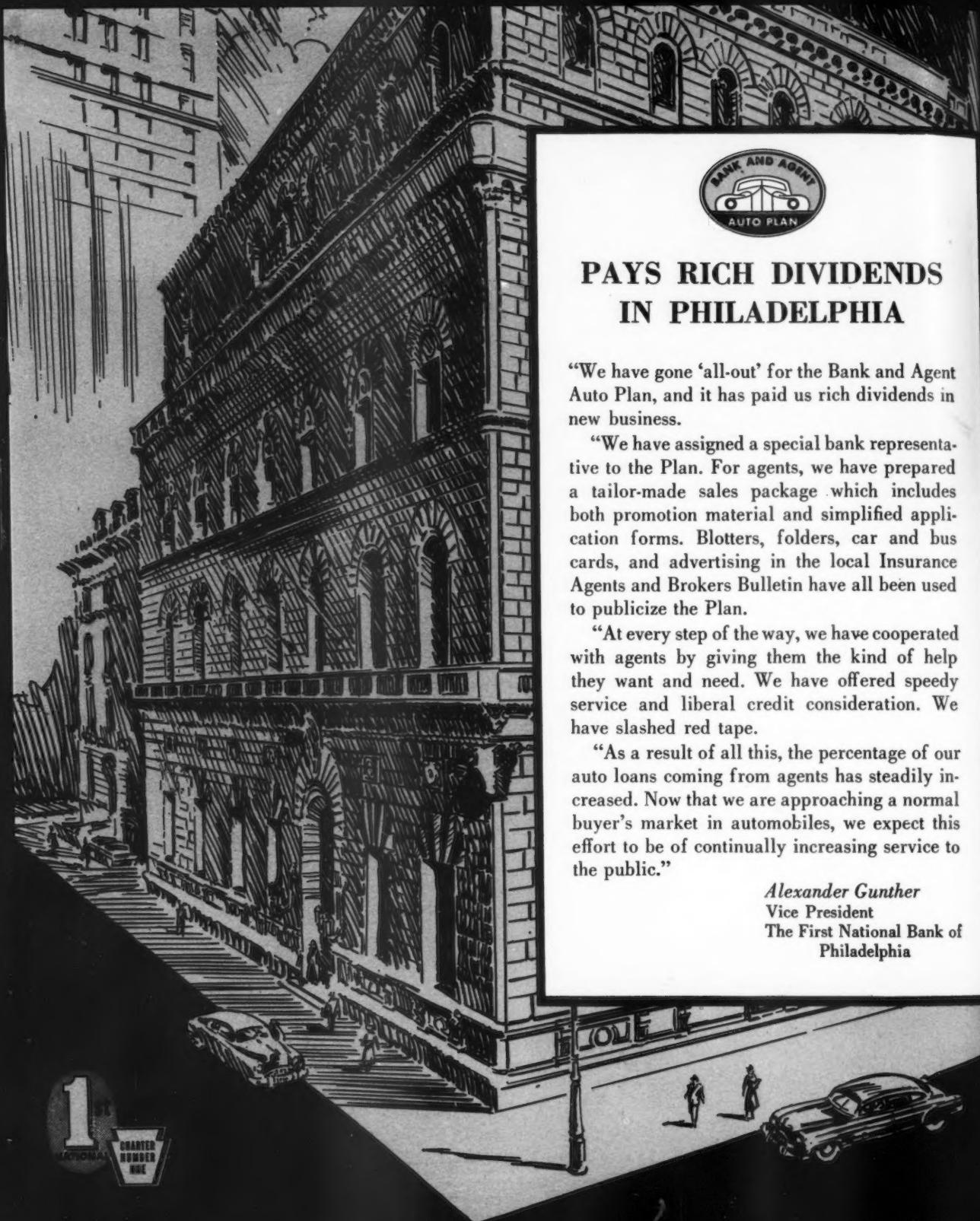
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

APRIL 1949



COMMERCIAL BANKS:
AVERAGE LENGTH OF GOVERNMENTS HELD
BY FEDERAL RESERVE DISTRICTS, DEC. 31, 1948

The Geography of Bank Earnings This Year
(page 33)



PAYS RICH DIVIDENDS IN PHILADELPHIA

"We have gone 'all-out' for the Bank and Agent Auto Plan, and it has paid us rich dividends in new business.

"We have assigned a special bank representative to the Plan. For agents, we have prepared a tailor-made sales package which includes both promotion material and simplified application forms. Blotters, folders, car and bus cards, and advertising in the local Insurance Agents and Brokers Bulletin have all been used to publicize the Plan.

"At every step of the way, we have cooperated with agents by giving them the kind of help they want and need. We have offered speedy service and liberal credit consideration. We have slashed red tape.

"As a result of all this, the percentage of our auto loans coming from agents has steadily increased. Now that we are approaching a normal buyer's market in automobiles, we expect this effort to be of continually increasing service to the public."

Alexander Gunther
Vice President
The First National Bank of
Philadelphia

Etna Casualty and Surety Company

Affiliated with Etna Life Insurance Company

AUTOMOBILE INSURANCE COMPANY • STANDARD FIRE INSURANCE COMPANY

HARTFORD CONNECTICUT



BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



The map on our front cover shows figures by Federal Reserve Districts, revealing a regional pattern. One might expect that the picture would show a heavy concentration in shorter-term securities in New York, but the picture shows that it is the country banks, particularly in the mid-western states, that account for the lowest of the average length of Governments held.

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HOW MUCH IS A

BILLION?

Even to bankers and men accustomed to dealing in figures, it is difficult to visualize any operation in terms of "billions". For example, without prior recourse to a pencil, you may be surprised to learn that if a fund started to accumulate January first, 1 A. D. at the rate of \$1 A MINUTE it would not reach the billion mark for over 1900 years — or to be specific, until April 29, 1902.

It is conservatively estimated that this nation is now using more than A BILLION CHECKS A MONTH — well over 33,000,000 checks a day.

This vast traffic indicates the tremendous impact of the check on the lives of our people — and its unique value to banks in their public relations programs. All of which explains why so many banks specify La Monte, the standard of quality and safety in check protection.

LaMonte SAFETY PAPER FOR CHECKS

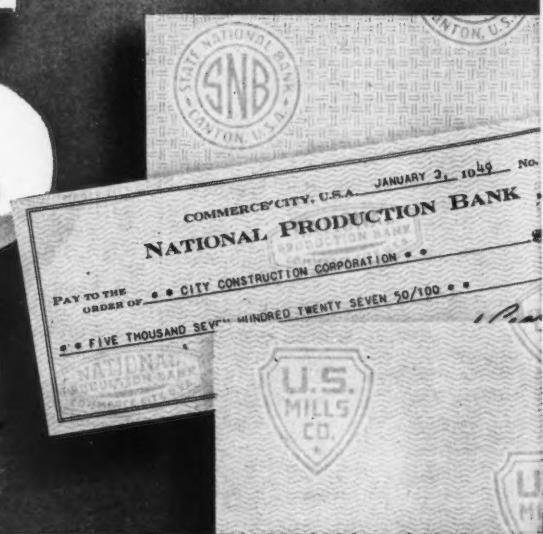
GEORGE LAMONTE & SON, NUTLEY, NEW JERSEY



THE WAVE LINES® ARE A LAMONTE TRADE-MARK

A Check Paper All Your Own

Thousands of banks and many of the larger corporations use La Monte Safety Papers with their own trade-mark or design made in the paper itself. Such INDIVIDUALIZED check paper provides maximum protection against both alteration and counterfeiting — makes identification positive.



just a minute

Summa Cum Laude

A RECENT consumer credit test for correspondence students of the American Institute of Banking contained this question:

"What is the effect of an applicant's marital status on his loan application?"

One student went all out in his answer. He wrote:

"An employed wife will help him earn; an intelligent wife will help him plan and save; a sick wife will be an expense; an extravagant wife will involve him financially; a dumb wife will be worse than none; an unfaithful wife will probably drive him distracted; a wife with some independent means will be an asset. In a matter of this kind it is not always true that he travels swiftest who travels alone. A reasonably sound marriage is the best status for the application and I trust my wife reads this when you return the paper."

Wouldn't you pass him summa cum laude for that one?

The examiner did, too!

Bank Earnings Geography

OUR unusual April cover supplements the leading article, "The Geography of Bank Earnings This Year" (page 33) wherein JAMES W. WOOSTER, JR., makes another of his periodic appraisals of the outlook.

The map, showing "average length" of commercial banks' holdings of U. S.

Government securities by Federal Reserve districts, emphasizes a difference in function of banks.

Because country banks' loan portfolios are heavily weighted with longer term real estate loans, he says, they tend to look on Governments "as more of a liquid 'secondary reserve' and less as a major earning asset" than do some larger banks. "This difference in function is doubtless one of the strong influences behind the rather surprising condition portrayed on the cover map of this issue of BANKING, which shows that banks in the northwestern and mid-western plains states hold U. S. Government bonds with an average maturity shorter than that of banks in the northeast."

Mr. Wooster's article is a projection of a memorandum summarizing the discussion that took place at a symposium conducted by a New York brokerage house. The purpose of the meeting was to discuss, stockwise, the outlook of New York City banks. Several experts participated, and their opinions were later summarized.

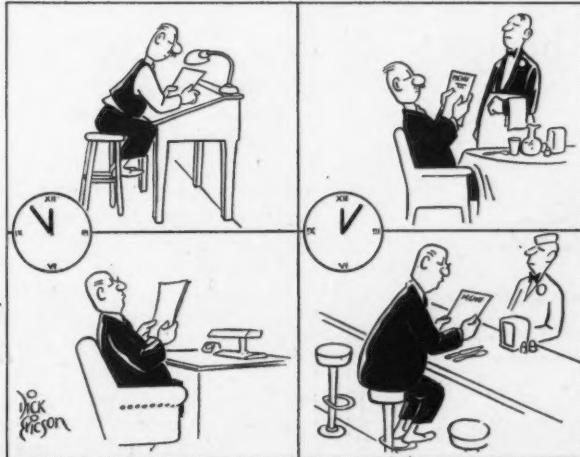
With this memorandum as a basis, Mr. Wooster considers the influences that shape the earnings outlook for all commercial banks.

"It would seem," he says, "that country banks face a somewhat better earnings outlook than do the larger city banks," partly because the former rely on such stable items as income from long term real estate loans and service charges on deposit accounts.

The Drive-ins

THIS month we begin a series of articles on drive-in banking, based on a survey conducted by JOHN J. McCANN of our Chicago office.

This increasingly popular service for the motoring customer is now offered



HERE at this Los Angeles independent unit bank, with \$150,000,000 in resources, you'll find willing hands — ready to help you in the handling of your cash and collection items — to serve your customers when they come to Southern California. (N. B.: We should also welcome an account from your bank.)



of Los Angeles

THE BANK OF PERSONAL SERVICE
MEMBER FEDERAL DEPOSIT INSURANCE
CORPORATION AND FEDERAL RESERVE
SYSTEM • WE HAVE NO BRANCHES

SCUDDER STEVENS & CLARK FUND, Inc.

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just the net
asset value*

Prospectus on Request

10 POST OFFICE SQUARE
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MARCH 5TH

1849-1949

One Hundred Years of Service



THE
DETROIT BANK
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

33 Convenient Banking Offices

—SPECIALISTS IN—

**United States Government
Securities**



State and Municipal Bonds



**C. J. DEVINE & CO.
INC.**

48 Wall Street, New York 5

HAnover 2-2727

Chicago • Boston • Philadelphia • Washington • Pittsburgh
Cleveland • Cincinnati • St. Louis • San Francisco

Direct Wires to all Offices

Harry Wilkinson Dies

As we go to press, word comes that Harry Wilkinson, 90, retired editor and publisher, died in Chicago, March 18. For 43 years before his retirement in 1941, he published the *Chicago Banker*, a weekly. Until recent years he was a familiar figure at conventions of the American Bankers Association, and he had a wide acquaintance among bankers.

Mr. Wilkinson became city editor of the *Pittsburgh Times* in 1883 and of the *Chicago Daily News* in 1892. A year later he became editor and publisher of the *Chicago Daily Globe*, and in 1898 of the *Chicago Banker*.

He is survived by his widow, Mary Wardell Wilkinson, and by one son, William C.

in many communities throughout the country. It is, as Mr. McCANN points out, "a modern innovation which helps break down traffic congestion in and outside the bank"; and it's also a facility that "keeps the driving customer happy."

The articles provide information on the experience at 60 installations. Customer reactions, peak loads, hours of service, activity, personnel briefing, traffic problems, promotion and types of the facility are some of the angles covered in this instalment or the ones to follow. Drive-in branches, sidewalk tellers, and curb service come into the story, too.

In short, BANKING has rounded up a comprehensive report on a banking service that is out of the experimental stage. The first article starts on page 40.

Mr. Portz Poured

To help promote the dairy industry in its community, The First National Bank of Riverton, Wyoming, was co-host at a recent party. The program included a free movie, and drawing for three calves which went to farmers' children, and a free lunch. F. V. PORTZ, executive vice-president of the bank, helped dispense the coffee—a contribution that was apparently news. Here's the local paper's account of the doin's:

"F. V. Portz and A. D. Martin poured at the Riverton Dairy Day party Monday noon. More than 1,200 persons called, consuming 40 gallons of coffee and 200 bottles of milk.

"The tables were decorated with various mechanical tools used at the
(CONTINUED ON PAGE 6)

HERE'S MONEY-SAVING NEWS FOR PROGRESSIVE MANAGEMENT

UNDERWOOD BRINGS TO YOUR BUSINESS *The New All Electric* **FANFOLD WRITING MACHINE**



Now . . . Underwood brings you a fast, easy-operating and most economical machine for writing multi-copy forms.

Now . . . all the advantages of Underwood All Electric typing are applied to the production of Invoices, Purchase Orders, Requisitions, Waybills and all other records which require one or more copies.

Now . . . you have sharp, clear and uniform type impressions—with all copies clean-cut and legible . . . without handling carbon paper. No need to insert loose carbon sheets between copies and no need to remove carbons from completed forms.

Continuous forms and continuous carbon paper in long sheets or in rolls containing 75 or 150 feet are loaded into the machine in a few minutes—sufficient forms and carbon paper for many days of

continuous operation. Thus, by eliminating all non-productive operations, maximum production is assured.

You should have our informative folder to know all of the many time-and-money-saving advantages of this new Underwood All Electric Fanfold Writing Machine. Mail the coupon for your free copy today.



**Underwood Corporation
One Park Avenue
New York 16, N. Y.**

Please send me new illustrated folder describing the new Underwood *All Electric* Fanfold Writing Machine.

COMPANY

YOUR NAME AND TITLE.

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CITY..... ZONE..... STATE... B-449

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**Accounting Machines . . . Typewriters . . . Adding
Machines . . . Carbon Papers . . . Ribbons**

One Park Avenue **New York 16, N. Y.**
Underwood Limited, 135 Victoria St., Toronto 1, Canada
Sales and Service Everywhere

Which File of Papers Is Yours?



IF YOU ARE NOT **ACCO-Binding**
— Start Now!

Rid your files of soft folders and loose filing, and enjoy the supreme binding service of

ACCOBIND FOLDERS

"ACCO-bound Papers are **SAFE** Papers"

Accobind Folders of fine pressboard incorporate the ACCO Fastener of smooth pliable steel for the all-important safety factor. Each paper, punched and placed over the prongs of the ACCO Fastener, retains its proper place in the folder by date, number, or other required sequence, and is not subject to accidental loss or misplacement.

The unique Accobind Transfer Feature enables the bound units to be withdrawn from the metallic holding device in the folder, to be placed—ready-indexed—in the transfer file. With a new Indexing Sheet and ACCO Fastener introduced into the slideway of the Accobind Folder, it continues on, year after year, to give you a supremely fine filing-binding service.



*Ask your Stationer to bring you this
Acco-binding assistance.*

ACCO Fasteners are made in 30 styles and sizes for Loose Leaf binding

ACCO PRODUCTS Incorporated, OGDENSBURG, N.Y.

JUST A MINUTE — Continued

Atwood Equipment Co., where the party was held. Large tin pitchers were used in the service, and these were dipped in wash boilers to replenish the supply of coffee. A good time was had by all.

"(Note: The society editor disclaims any part of this item, as the activity was out of her line of knowledge.)"

"Dear A.I.B.—I'm Sorry, But . . ."

A LITTLE story under that title in our January issue chronicled a few of the tribulations of American Institute of Banking correspondence students in preparing home work, as reported in their letters. One, written by a young woman, had explained that some of her studying had been done under the hair dryer, a circumstance whereof BANKING's artist made good use.

The other day the same young woman, returning a test paper, added this note to the examiner:

"Did you see last month's BANKING with my picture in it under the hair dryer? My husband brought the magazine to me and asked me whose picture it was—before he showed me the article. Then he laughed at me and told me who it was, and was I surprised!

"I liked the article, and picture, too, so he couldn't worry or tease me a bit."

Want a Foreign Correspondent?

UNITED Nations Council of Philadelphia
(CONTINUED ON PAGE 11)

"I was just wondering, sir—that is—have you opened the suggestions box yet this month?"





Overseas collection service through foreign banks —via Bankers Trust

THROUGH an experienced Foreign Department and worldwide banking connections, Bankers Trust Company offers you high-speed collection service on your foreign items. You can assure your customers of fast, efficient collection service when you send these items to us.

In addition, we issue commercial letters of credit—buy and sell foreign exchange—provide travel funds—supply credit information on foreign

names—and furnish up-to-date information on exchange regulations in the various countries.

It may pay you to investigate these and other services we offer banks which want to serve their customers as efficiently in foreign transactions as they do in domestic matters.

You are invited to write today for specific information about the kind of transactions in which you are interested. Please address Banking Department, Bankers Trust Company, 16 Wall Street, New York 15, New York. In the meantime, we solicit your foreign collection items.

BANKERS TRUST COMPANY
NEW YORK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Announcing A New Era In TRAVELERS CHEQUE PROMOTION

**Biggest Magazine-Newspaper Campaign Ever Launched
for American Express Travelers Cheques
Reaches 40,000,000 Circulation**

An intensive campaign to attract millions of new buyers of American Express Travelers Cheques is blanketing the country. Month after month, eye-catching advertisements in national magazines and in metropolitan newspapers in every large city are urging people everywhere to *carry American Express Travelers Cheques whenever they travel—thus creating new customers for your bank.*



Nation-wide Coverage — American Express Travelers Cheque advertisements appear consistently in *Life*, *Collier's*, *The Saturday Evening Post*, with seasonal high spots in *Holiday*, *Time*, and *National Geographic*. They also appear in 101 Sunday newspapers in 92 cities. This strong combination reaches families in every market from coast to coast.

Hard-selling Ads — These American Express Travelers Cheque quarter-page advertisements are illustrated by such noted cartoonists as Ted Key, Whitney Darrow Jr., and Helen Hokinson. High readership is assured, because more men and women read comic cartoons than any other regular feature.

Full-page, Full-color — Supplementary full-page advertisements will highlight the campaign in April and June. These advertisements, to appear in *Life*, *Collier's* and *The Saturday Evening Post*, will use full-color human interest paintings by famous Saturday Evening Post cover artists George Hughes and Steven Dohanos.

Throughout the year, appealing cartoon advertisements like these in varying sizes are promoting your sales of American Express Travelers Cheques in *Life*, *Collier's*, *The Saturday Evening Post*, and 101 Sunday newspapers.

A Complete Brochure should reach your bank in April. It contains a wide selection of promotion pieces. If, for any reason, you do not receive your brochure, write to:

W. H. Stetsler, Vice President,
American Express,
65 Broadway,
New York 6, N. Y.



Promotion Aids Now Available to Help You Serve Regular Customers and Win New Ones

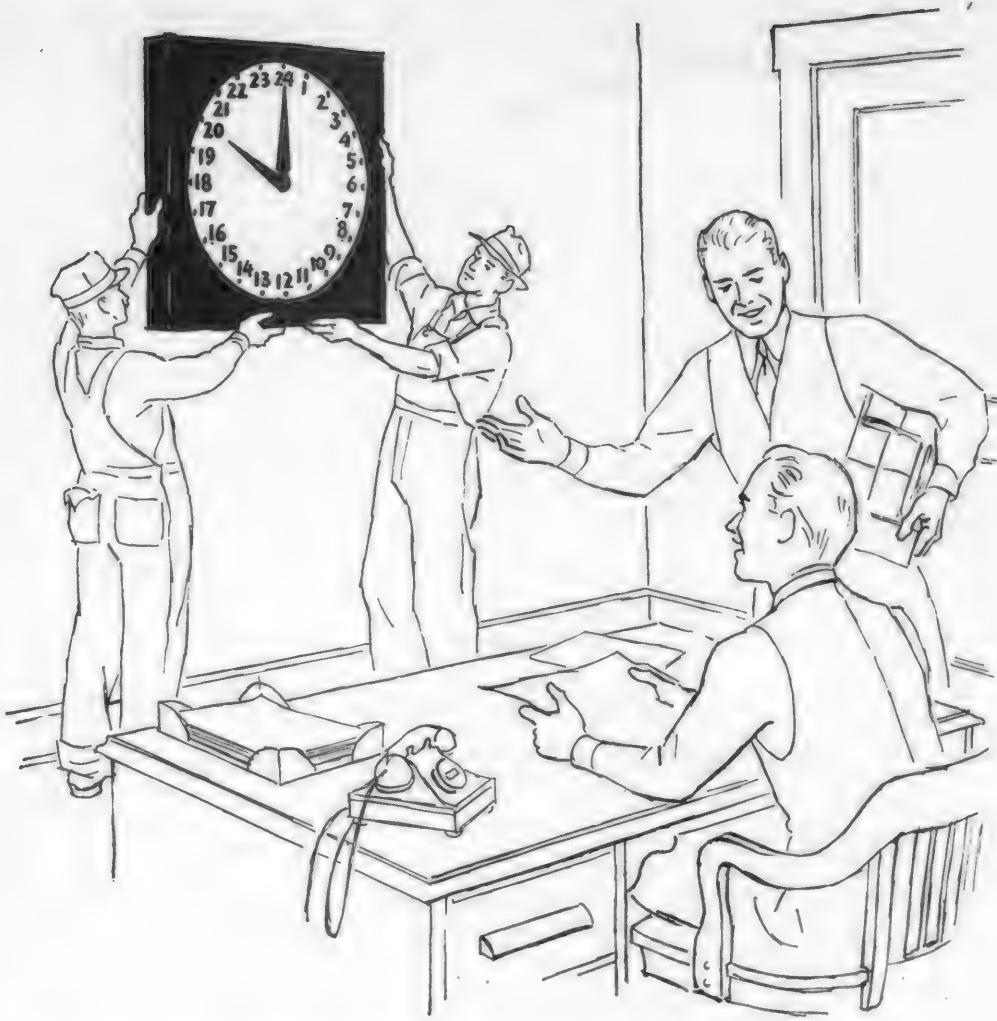
A complete portfolio of available promotion pieces is being mailed to every one of our bank agents. The pieces are designed to tie in closely with the national advertising for American Express Travelers Cheques . . . using the same appealing cartoons and full-color paintings. Some of these sales aids include:

- Posters by George Hughes and Steven Dohanos
- Attractive statement enclosures
- Blotters for bank counters and writing tables
- Placards and display suggestions
- Mats for local newspaper advertising
- Radio commercials for local stations

With our consistent and intensive national campaign, we are confident you can look forward to a real increase in new customer demand for American Express Travelers Cheques. We have tried to design integrated, local aids that will help you obtain a good share of increased American Express Travelers Cheque business. We trust you will like them and will feel free to order all you can use.

AMERICAN EXPRESS TRAVELERS CHEQUES

The Most Widely Accepted Cheques in the World



"That's just what we need in this department"

Our Transit Department *doesn't* keep banking hours! It operates 24 hours a day, clearing transit items with speed that is a real benefit to our Correspondent Banks.

Checks clear fast through The Pennsylvania Company too; we are one of the nation's heaviest users of Air Mail for this purpose.

But they are only two of the advantages that come from being a member of our Correspondent Bank "family." We offer you special, swift services in securities transactions. And our 19 offices

in Philadelphia mean that you also have 19 offices here when you deal with us.

Drop us a line and we'll tell you more about the ways we can help you. Better still, drop in when you're in town. We prize the warm, friendly relationship that exists in our Correspondent "family," and we're sure you'll sense this cordiality the moment you sit down for a chat. Afterward, like all our Correspondents, you'll use our offices as if they were your own when you're in Philadelphia.

19 OFFICES

PHILADELPHIA

MEMBER FEDERAL RESERVE SYSTEM

•

FEDERAL DEPOSIT INSURANCE CORPORATION

THE PENNSYLVANIA COMPANY

for Banking and Trusts

FOUNDED 1812



"First dollar ever deposited in the bank? That's certainly a fine place for it! Why isn't it working—invested or loaned, or something?"

phia suggests that American business people can help offset untruths circulated about this country abroad if they will correspond regularly with a man or woman in Europe.

The correspondence, says the Council, should be "a steady, friendly" exchange that sets forth the American way of life and brings in return the experiences of the person overseas.

In the Council's files are thousands of letters from Europeans who want to hear from people in this country. An effort is made to match these correspondents with Americans of similar interests; translations are made when necessary.

In writing, the Council suggests: "Describe your business, give your age, tell your interests, schooling, and background so that a well matched friend may be chosen for you. The European's letter, with his name and address, will be sent to you. You write directly to him from that time on."

The Council's address, if you're interested in a trial venture in personalized international relations, is 106 South 16th Street, Philadelphia 2, Pennsylvania.

Character as Collateral

FRED W. ELLSWORTH, former banker, now an advertising man in New Orleans, and long a good friend of BANKING, sends us this one:

"On a famous occasion several years



SIXTY-FIVE YEARS AGO (April 14, 1884) a group of men with uncommon vision and foresight, recognizing the growing need for Corporate Suretyship, launched an entirely new enterprise, the American Surety Company of New York — the first company formed in the United States to devote itself solely to the writing of Surety Bonds.

Since that date, Corporate Surety Bonds have become a vital and increasingly important part of modern business practice. Now, in 1949, the Company with its affiliates celebrates a period of service and progress that spans an average lifetime. During these years its service has expanded so that today, through agents and brokers throughout the United States, Canada, and Mexico, the American Surety Group offers a broad range of Casualty, Surety and Inland Marine insurance protection for industry and commerce, institutions, homes and individuals.

The American Surety Group symbolizes the spirit of free enterprise which has made our people the most independent and the *best protected* in the world.

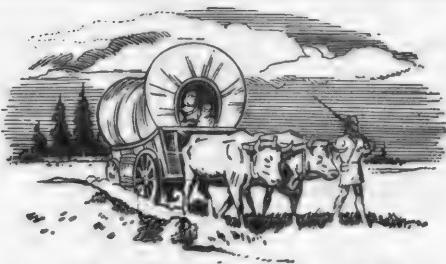


AMERICAN SURETY GROUP

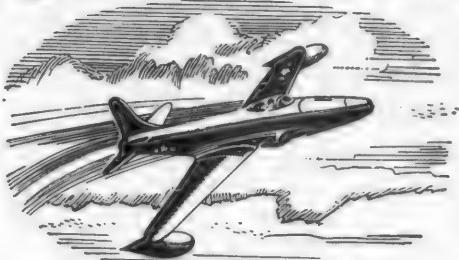
AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

100 Broadway • New York 5, N. Y.

CANADIAN SURETY COMPANY
COMPANIA MEXICANA DE GARANTIAS



From Ox Team



To Rocket Ship ...

IN THE Pacific Northwest, the wilderness has been conquered. Within a single lifetime, forests and deserts have been replaced with fertile farms and busy marts of trade.

TODAY, Washington, third state in percentage of growth in population since 1940 and with a buying power greatly above the national average, is a market worth considering.

SERVING the financial needs of this prosperous state—with banking that is helping Washington grow—the Seattle-First National Bank offers its state-wide facilities for the assistance of new business and the expansion of established lines. With 46 banking offices strategically located throughout the state, it is now the 23rd bank in size in the entire United States and the largest north of San Francisco and west of Chicago. Inquiries about business opportunities in this prosperous Pacific Northwest will gladly be answered.

A QUARTERLY PUBLICATION of this Bank giving a careful review and digest of business and industrial conditions in the Pacific Northwest will be mailed to you regularly upon request.

Member Federal Reserve System

Member Federal Deposit Insurance Corporation



**SEATTLE - FIRST
NATIONAL BANK**

ago the elder J. P. Morgan, when asked what he considered the best collateral for a loan, replied 'Character.'

"A bank in southern Alabama recently received an application for a loan of \$2,000 from a Negro Baptist church. A copy of the minutes of the meeting authorizing certain of its members to seek the loan was offered as 'collateral.' The copy reads *exactly* as follows, substituting fictitious names for the real ones and omitting the name of the town:

—, Alabama, Feb. 6, 1949
RISING SUN BAPTIST CHURCH,
COL. —, ALABAMA.

BISSENS METTING(

A MOSHEN PAREVAIL THAT THREE MEN BE APOINET TO SEEK TO BORRY 2 000.000 FROM THEMARCHANTS BANK, —, ALA.

NAMLY

WILLY JONES

EARL ADAMS

LOUIS CUNINGHAM

DON BY THE ORDER OF RISING SUN BAPTIST CHURCH

REV. A. B. RATE, PASTOR

LANSOM YARDLEY, CLURCK

GEORGE BOUNING, CHIREMAN OF TRUSTEE BOARD

"I am advised," continued Mr. ELLSWORTH, "by the loaning officer of that bank:

"They will get the loan, and it will be paid, too. They are honest and hard working boys and faithfully support their church."

"Character was the only collateral that little church could offer; character obtained the loan; and character will pay it at maturity—or before.

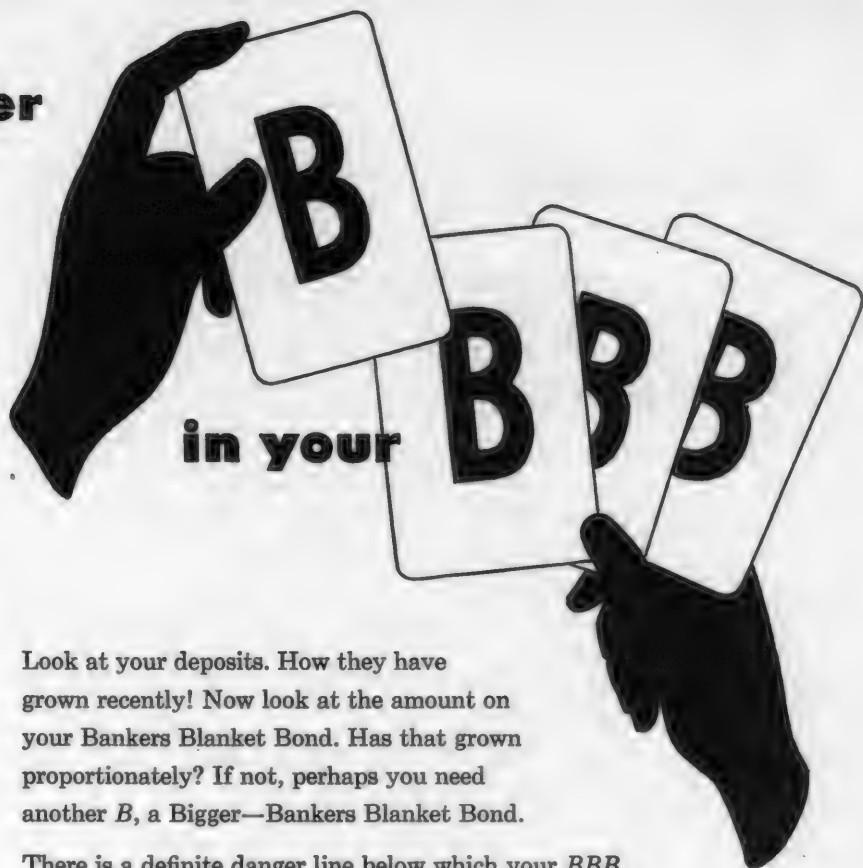
"Thousands of banks throughout the country can duplicate this experience, which significantly confirms Mr. Morgan's opinion."

J. L. C.

"You people finance remodeling projects?"



Put another



Look at your deposits. How they have grown recently! Now look at the amount on your Bankers Blanket Bond. Has that grown proportionately? If not, perhaps you need another *B*, a Bigger—Bankers Blanket Bond.

There is a definite danger line below which your *BBB* should not remain. To make it easy for you to discover exactly how much protection your bank needs with relation to total deposits, Indemnity Insurance Company of North America has devised a Bankers Automatic Calculator. A turn of the wheel, a twist of the wrist, and you know how much is "minimum"—how much is "fair" for your bank.



INDEMNITY
INSURANCE COMPANY OF
NORTH AMERICA
Philadelphia

This handy calculator also helps you to figure the exact elapsed time from any starting date up to and including the termination date within a calendar year, a convenient way to speed up the calculation of interest. Any Agent of Indemnity Insurance Company of North America will be glad to give you one.

Wring Humidity from the Air

with TYPHOON AIR CONDITIONING UNITS

Beat the heat—and the humidity, too—with Typhoon packaged units. Over-size coils are Typhoon-engineered to rid the atmosphere of muggy moisture. And exclusive "Traffic Cop" control directs incoming humid air and outgoing dry, cool air for top efficiency and economy.

So hang out the Welcome sign to customers right through the summer with Typhoon self-contained units. It's a fact: Typhoon delivers the most air conditioning at the lowest dollar cost per ton.



40 years of
air cooling experience



Write for digest of air conditioning facts. Dept. B4

TYPHOON AIR CONDITIONING CO., INC.

794 Union Street • Brooklyn 15, N. Y.

By the Way—

Headline: "Holding the breath for 14 minutes is the new record." Obviously a married man.

Liar: *What no person with a short memory should be.*

"Look before you leap" is an adage written before the day of automobiles. Now you leap first.

The fellow who never worries may not be smart enough to know what it's all about.

Automobiles are traveling faster and faster, and so are pedestrians.

Some nations that fought for what they thought was right have gone left.

With eggs at 85 cents a dozen, the hens are certainly laying for the public.

The truth is one thing for which there are no known substitutes.

If a man kills a tiger, it's sport; if a tiger kills a man, it's ferocious.

Life is not so much getting what you like as liking what you get.

Knowledge may have its limits, but ignorance has no such restrictions.

The lack of a sense of humor may make a person very funny.



"Is Miss Simmons wearing that low-necked gown again today?"

LIST OF
SECURITY HOLDERS

PERSONAL PROPERTY
TAX SCHEDULES

INCOME ANALYSIS
FOR INCOME TAX

INVESTMENT
DIVISION
REVIEW
SCHEDULES



One of Many IBM Features for Personal Trust Management

The use of the straight-line procedures of IBM Accounting for personal trust operations greatly assists the management of many banking institutions in the supervision of these activities.

This modern accounting method, utilizing punched cards, presents up-to-the-minute information about *every* phase of trust work, resulting in simplification and economy of operation.

The complete flexibility of IBM Machines permits their efficient application to all other phases of bank accounting. In many instances, a single installation is used for Mortgage Accounting, Personal and Consumer Loan Accounting, Income and Expense Distribution, General Ledger Accounting, Payroll, and other bank accounting applications.

An IBM representative will be glad to demonstrate the advantages of IBM Accounting.

Advantages of IBM Accounting for Personal Trust Management

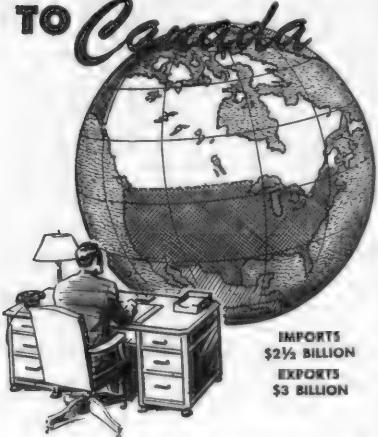
1. Reports and Statements prepared automatically
2. Virtually all manual operations eliminated
3. Need for duplicate sets of records eliminated
4. Principal transactions recorded only once
5. Many income entries created and posted automatically
6. Uniform description of account and security names assured
7. Effective controls provided
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I've tried and I've tried and I just can't balance my checkbook with this statement you sent me," wailed the unhappy lady as she entered the bank, "and I've worked over it till I'm so nervous I could scream!"

"Maybe I can help you get it straight," offered the polite young officer. "Sit down here at my desk, and we'll take a look at it." So he sorted the canceled checks, according to date—he couldn't do it by number, for there were several which had none. Then he began checking them off on the statement.



"But," said the customer, "I wrote that check for \$120 a long time before I made out those two \$10 checks, and here you are checking them off *first* on the statement!"

"That's the order in which the checks were paid," explained the officer. "Sometimes they don't come in for quite a while, you know."

"Well, that's just what it is that confuses me so," complained the lady, artlessly. "It would be so much simpler for me to balance my checkbook if you would just charge the checks to my account in the same order in which I write them."

SHE was going on a shopping trip to a larger city, and it always upset her to think of carrying cash, so she came in the bank and bought \$80 worth of travelers checks. The next day the clerk who had sold them to her received a long distance call. "I've lost those

checks," reported the customer. "What shall I do?"

"We'll notify the company," responded the clerk, "and they will send an affidavit for you to fill out. It won't be too long before you get the money back."

"But can't you send me the money right away?" asked the impatient customer. "In this town they wouldn't even cash my personal check—let alone just travelers checks!"

IT'S for an investment," replied the large lady, coyly, when the lending officer asked the purpose of the \$200 loan she was applying for. "This is just between me and you, of course, but I've got to get a new permanent and some classy clothes and have a new tooth put in my partial plate where it fell out a while ago, and get all spruced up. You see, I been writing back and forth to a man up in West Virginia, and I'm a widow and he's a widower and we been talking some about getting married. I never seen him and he never seen me, and now he's writ that he's coming down to get acquainted and, natchally, I want to look good when I meet him or he might go back and leave me in the lurch."

The officer inquired about collateral. "Oh, he tells me he's got plenty of money and a nice farm," she replied, "and soon's we're married I know I can pay it back right away."

This security appeared a little dubious to the officer and he told her so.

"Mister, it's my last chance," she said, with tears in her eyes. "I thought sure the bank would help me, because when I get all fixed up nice everybody says I'm right goodlooking."

"But don't you have any insurance or an automobile or any property at all you could pledge as collateral?" inquired the officer, sympathetically.



She recalled that she had a small paid-up policy. The loan was made and, when the check came in, paying off the note, the envelope bore a West Virginia postmark; the bank's aid to Cupid had been effective.

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Canadian Trade and Investment Prospects

U. S. Uncertainties Affect Northern Neighbor's Trade

CANADIAN business conditions have been affected by the economic uncertainties in the United States to the extent that exports south of the border in the early part of 1949 were of smaller volume and value than the average monthly rates in the closing part of last year. This unfavorable turn does not appear to have been altogether seasonal in character, and it is causing quite considerable concern in economic circles, both political and business, following the shrinkage, of quite large proportions, in exports to most sterling areas throughout the last half of 1948.

Canada's export trade may, however, pick up during the next few months, particularly after the opening of navigation on the Great Lakes, about mid-April, when a considerable quantity of wheat will be moved to the Atlantic seaboard, most of it destined for Britain under a Canadian-British contract providing for 140-million bushels in the current "wheat year" ending July 31. This contract appears to be safe under recent advices from Washington that American dollars will continue to be provided to carry it through as part of ERP, as was the case last year.

The heavy interest, political and financial, of the United States in its own large wheat supplies is clearly recognized by authorities in Canada. But on Canada's side it might be noted that wheat export trade has a dominant influence on the national economy, sufficient to determine the condition of gen-

eral business, particularly that of the western grain belt. Moreover, the Canadian-British contract is at a fixed price of \$2 per bushel, the lowest for all export trade in this cereal. Accordingly, fewer American dollars are required for it than would be needed for any equivalent quantity of other wheat. To put the matter in another way, there is some saving in American dollars which might be of benefit to the people of the United States, or which might be used to provide products which Europe needs more than it does wheat at this time.

From a British point of view, Canadian wheat is the standard for flour milling in the United Kingdom, for this grain has for many years been used to strengthen a combination of weaker wheats obtained from non-Canadian sources. A complete change-over to American wheat in substitution for Canadian would necessitate a quite drastic alteration in milling methods.

Notwithstanding the concern over export trade, both industrial production and domestic trade continue on quite steady levels. Industrial output, as measured by a private organization whose index figures precede those of official character by about two months, is slightly lower than the postwar peak last autumn. Seasonal conditions and bad weather in western Canada account for most, if not all, of this decline. Inventories, excessive in some cases,

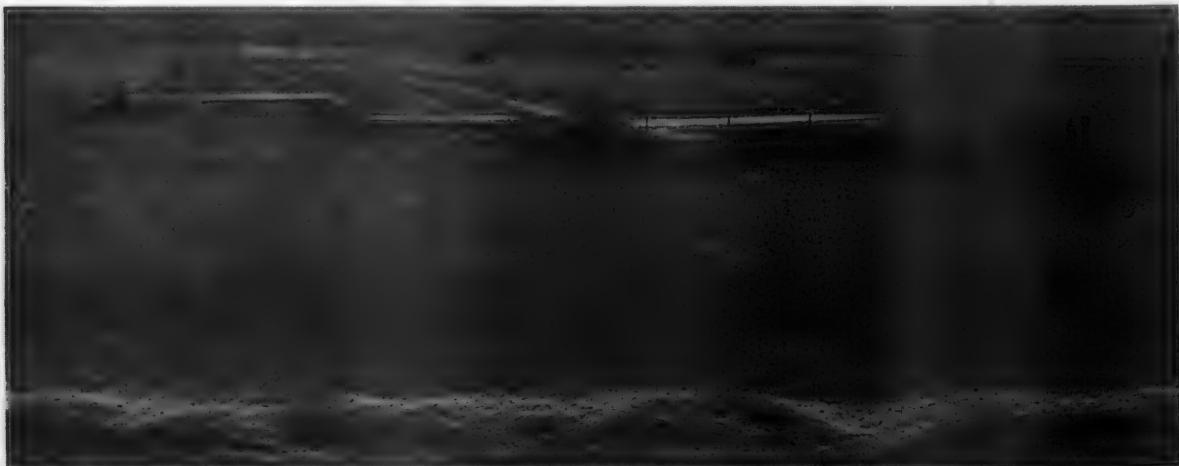
have been worked down by special sales and price concessions, which partly explain the comparatively good domestic trade. Unemployment pools have widened in some of the major centers, also owing mainly to seasonal factors and abnormally hard winter weather in the West.

As in the United States, considerable attention is focused on new capital investment required to maintain a high level of economic activity. During the last few years a special department of the Dominion Government has been making extensive inquiries of business people, institutions, and provincial and municipal governments in order to determine projected expenditures for new construction, machinery, and equipment, as well as maintenance. The results of these inquiries have been combined with the Dominion Government's own investment intentions and with estimates of those of individual farmers and small contractors.

The projected capital investment this year for all purposes is expected to be slightly over \$3-billion and, after allowing for price adjustments, this amount would be about the same as in 1948, which stood out as the largest annual program of its kind ever undertaken in Canada. There is, however, this difference between investment trends in 1949 and 1948: In the current year private capital expenditures for business purposes are expected to be on

(CONTINUED ON PAGE 20)

Mechanized wheat harvesting in the Province of Saskatchewan, Canada





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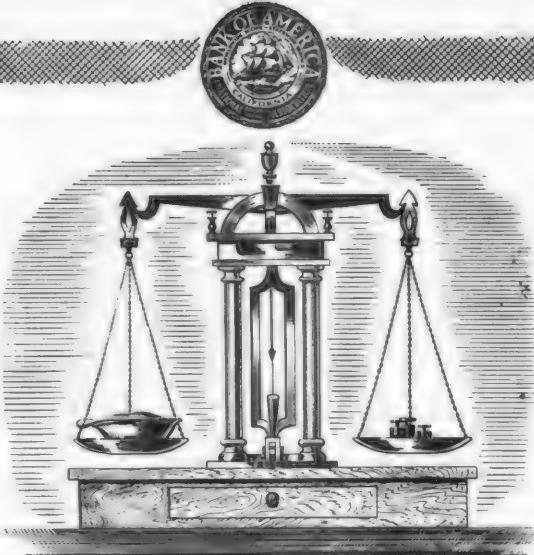
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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION • MEMBER FEDERAL RESERVE SYSTEM

(CONTINUED FROM PAGE 18)

a somewhat smaller scale, while those for housing and public works promise to be larger. Industrial enterprises will probably spend about 10 percent less on new plants and equipment than in 1948, as well as on reconditioning, but the outlay will still be high, about \$520-million. The program for utilities, including transportation, communications, central electric stations and gas works, is one of the largest, involving proposed expenditures of over \$600-million, mainly for new hydroelectric plants of public authorities.

Several considerations affect the realization of all investments, notably a possible change in the general economic outlook; conditions in foreign markets for Canadian products and the fate of the legislative and budgetary proposals now before the American Congress, particularly those relating to ERP, as well, of course, as labor and material supplies. Moreover, in Canada, as also in the United States, new risk capital is none too plentiful, for the rate of national saving is less than half the volume of proposed new investments, about 20 percent of the gross national product.

With these considerations in view and probably, also, taking into account a likely decline in corporation earnings, the Bank of Canada (the Dominion's central bank) now favors commercial bank capital loans for intermediate terms, whereas last year the central institution suggested that such accommodation be limited, as in fact it was. Capital loans by commercial banks have never been a major part of the lending business of these institutions and it is not expected that they will get into it on any substantial scale this year, for one reason, because of the smaller investment projects of private business and the consequent decline in industrial expansion now in prospect.

In one respect the Canadian economic situation is quite different from the American. There is no prospect in Canada of higher taxation. Indeed, signs multiply of reductions in personal income taxes, notwithstanding higher Dominion Government expenditures for social welfare and national defense purposes. Moreover, so far there are no indications of any further state intervention in business. The government still has a large surplus of revenue over expenditure in its financial accounts, even though some of this has had to be transferred to the foreign exchange control board with which to obtain larger American gold reserves than were available in the past year.

How to Give Money Wisely

WHEN a spinster leaves a hundred thousand in trust for a poodle, or when a cat inherits a fortune, that's news.

And when a big trust company adds to its staff a man whose job will be guiding well-intentioned people toward more constructive benevolences than putting a pet on Easy Street—that's news, too.

Central Hanover Bank and Trust Company of New York recently announced that Charles N. Wonacott, for 17 years treasurer of the Board of National Missions of the Presbyterian Church, had become associated with the bank as "consultant in the field of philanthropy." His services will be available to anyone interested in wise giving.

Mr. Wonacott's appointment rounds out a service which Central Hanover has been providing, free of charge or obligation, for just 20 years. During the past two decades the bank's Department of Philanthropic Information—it's probably unique—has helped hundreds of prospective benefactors decide where to give. The department offers no specific suggestions; it only makes available the facts about this or that philanthropic sphere, this or that organization.

For example: You'd like to give a million for public health purposes. You know next to nothing about the agencies working in that field. You're just interested in the general subject.

If you go to the Central Hanover's Department of Philanthropic Information, the chances are your thinking will be clarified. The bank has a library—the largest of its kind—devoted to clippings, pamphlets, reports, organizations, institutions, methods of giving, and many other varieties of facts for the guidance of the man or woman who wants to give, but wisely.

From the public health file you can borrow, to read at your leisure, three general surveys made by the bank on the subject. One covers the broad problem, another the public and private agencies now working at it, the third, present conditions and needs. For more detailed information you can consult the reports, publications, and other material issued by any agency to which your early researches have directed your interest.

When you've finished the fact-

finding you can decide just where, in public health, that benefaction should go. Or maybe you'll change your mind and do some exploring in education, hospitals, settlements, medical costs, housing projects, libraries, small loan facilities, community trusts, child care, or others of the 40-odd classifications of philanthropy on which the bank has made factual surveys.

How did the department start? Miss Anna Bochow, in charge of the specialized library, tells the story well:

"With our large personal trust business we are constantly interviewing people of means about their estate plans. Many of these people want to leave a part of their estate to philanthropy or charity. Some think first of the well-known agencies: Red Cross, Salvation Army, and community chests. Others are interested in aiding the blind, for instance, but do not know where to get the information on leading institutions for the blind. Still others, though a small number, want to set up a fund or foundation themselves, in order to accomplish some particular objective.

"In the course of our work in the trust department trying to help these people we discovered there was no central source of information on philanthropic matters where one could go to find out these things. So we set about establishing such a department.

"The beginning was made in 1929 when we purchased a small library which had been organized in Washington, D. C., by a man interested in the subject. With this as a nucleus the department was organized and has grown

until today it has acquired a substantial library which covers organizations, institutions, methods of giving, and fields of philanthropy.

"Although the records afford material aid in the selection of worthy causes, no recommendations are made."

The requests for guidance vary widely, Miss Bochow says. One person may be seeking information that will help him dispose of a large fortune for the general good of humanity—through his own foundation, perhaps, or bequests to established charitable organizations or agencies. Again, the department gets a request to check the reliability of a social organization that is raising funds. In another case the questioner may be seeking the names of the trustees or directors of a college or hospital, or the amount of a certain stock held by a foundation or university.

Wall Street brokerage firms frequently call the library for the latter information. From lawyers who are drawing wills come requests for the exact name of a charitable organization, or for verification of corporate titles. ("In one will," recalls Miss Bochow, "it was found that out of 33 institutions named to receive bequests, 21 were incorrectly designated!")

SINCE its establishment the Department of Philanthropic Information has been a particular interest of Craig Smith, Central Hanover assistant vice-president. The work expanded to such an extent that it was decided to add the services of a man experienced in community service—and that's where Mr. Wonacott came in.

The new consultant has devoted almost his entire adult life to projects in that category. From 1900 to 1917 he was with the Portland (Oregon) Y.M.C.A., part of the time as executive secretary. During World War I he was an active executive in the American Red Cross, the Food Administration, the Liberty Loan drives, the Y.M.C.A., and the war savings stamp campaigns. After the war he directed a fund-raising campaign for the Presbyterian Church.

He has been a vice-president of the Atlantic, Gulf and West Indies Steamship Lines, a businessman in Portland, and an oil man in the Southwest. Since 1931 he has guided the finances of the Presbyterian Board of National Missions.

Charles N. Wonacott





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A Bank Teller and *The Lawton Story*

ILLARD COODY, 36-year-old Lawton bank teller who plays the part of Christ in the forthcoming movie, *The Lawton Story*, will be seen on the screen by thousands of people all over the world.

But Millard is natural and unaffected behind his teller's window in the Lawton Security National bank.

Directors and producers of *The Lawton Story* were amazed at the wisdom and ability the young war veteran brought to the role. Success of his acting, like that of other Lawton citizens in the picture, is attributed to his simplicity and sincerity.

"I don't know the first thing about dramatics," Millard insists. "I'd had no experience. I just did what Rev. Walllock and Harold Daniels, director of the picture, told me. I'll never forget their help and kindness."

The banker-actor was given time off from work for three weeks last year following Easter, when the film was on

The Lawton Story is a moving picture based on the annual Easter pageant in the Wichita Mountains near Lawton, Oklahoma. This year the pageant is expected to draw 200,000 persons. A showing of the film will be part of the Easter service this year in Central Park in New York City

location in the nearby Wichita Mountains, scene of the annual service. The Lawton Security National bank gave him another 10 days while he and the three other Lawton citizens were sent to Hollywood to complete scenes for the film.

Millard played his first major part in the annual Wichita Mountain Easter service last year. He was chosen for the movie role during a pageant rehearsal last year in a Lawton school auditorium.

He plays both himself in the bank and the character of Christ in the \$2½-

million cinecolor story of Oklahoma's famous annual Pageant of the Passion of Christ.

Millard believes his first movie role will probably be his last. He likes the banking business. "I like working with people," he says. "Every guy is a little bit different even though you wait on him every day."

Last year was the first time he'd played a major role in the pageant, and his first dramatic experience, except for one year when he'd played a minor pageant part. For several years he'd been a collection taker.

Millard says he'll never know why they selected him for the part. But one night last year the 6 foot 4 incher went to a pageant rehearsal at the Lawton school building.

"I noticed some strange people in the room, but didn't think anything about it." He leaned against the wall.

Movie officials remarked, "There's a tall fellow."

A scene from the picture, showing Christ, played by Teller Millard Coody, praying in the Garden of Gethsemane





How Canada helps the American housing situation

This year your neighbor to the North will ship approximately \$200,000,000 worth of lumber and other building materials to the United States.

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"Then they were staring at me like I was livestock. I didn't even know who they were. But they kept talking about me."

"He's too tall."

"I think he'll do."

Millard looked at them. They asked if he'd mind going to their hotel to try on a wig and beard. He said he wouldn't mind.

"After I tried on the beard they pitched me the whole script and told me to memorize every line where it said 'character.' I almost blew my stack. I told them I had a job in the bank to hold down."

So the movie makers went to see the boss.

Exall English, president of the Security National Bank and Trust Company, and a longtime supporter of the annual pageant, quickly granted the teller the time off from the bank for the 30-day filming period.

Mr. English is one of the original backers of the 100 Club, which for many years has financed the pageant. Over a hundred city merchants and businessmen attend a \$25 breakfast each year, and the proceeds are given to the Pageant fund. The bank president also has climbed Audience Hill for a dozen years to collect the Easter morning offering.

Mr. English says, "Millard Coody is highly regarded at the bank. He's doing a fine job for us and our customers. The other workers pitched right in while he was working on the film. They doubled up and did the work he would have done."

Millard's deep, slow southwestern drawl almost ruled him out for the movie role, but producers finally decided his voice would be appropriate in view of the Oklahoma setting.

Many Hours of Work

As do 3,000 persons from Lawton and surrounding towns who take part annually in the Easter pageant, Coody spends his spare hours for weeks ahead of time working on the production.

"About this time of year thousands of details must be taken care of," he says. The cast members work during weekends and at night to perfect the performance.

"As for the picture, I didn't realize what I was getting into, but I found out soon enough. I'd worked on construction gangs, and driven trucks. But making that picture was one of the hardest things I ever tried to do."

Once during the filming he was having particular trouble with one passage.

(CONTINUED ON PAGE 26)

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Mr. Coody playing his normal everyday role of bank teller. Here, in this scene from the moving picture, he is giving a piggy bank to Ginger Prince, child star of the film

(CONTINUED FROM PAGE 24)

Rev. Wallock, founder of the pageant, who died December 26, 1948, walked up to him and asked if he could do anything to help.

"It surprised me to see Rev. Wallock because I knew he was in a weakened condition," Millard recalls. The two went over to a big rock and sat down. Then the little preacher began to quote the lines of scripture Millard was supposed to use in the difficult scene.

"He said them with such ease and meaning that I could understand what the scene was really about, and when I went before the camera it seemed I could still hear him quoting the lines. I went through without a bobble. Things like that make a man stop and think."

Millard was born in Henrietta, Texas, but has lived in Lawton since he was six years old.

He and his wife, Ruth, were married January 17, 1942, by Rev. Wallock, who was pastor of the Congregational church of Lawton. They have one child, Millard Lewis, "Skipper," who will be six years old April 2, 1949.

The tall man attended Cameron State school of agriculture, a junior college in Lawton. He studied forestry, but graduated during the depression and was unable to get a job in that field. He worked in civil service at nearby Fort Sill until he entered the army in 1942. He served 46 months in the Army Air Force, including eight months on Okinawa as a member of a B-29 group. He was a technical sergeant.

After the war, he worked three months at Fort Sill, and then began his work in the bank as an on-the-job-training bookkeeper.

The first pageant, in 1926, attracted 200 persons who watched the one scene, *The Resurrection*. This year over 200,000 persons will sit on the side of a mountain and witness 59 scenes in the life and Passion of Christ. The service will be broadcast on national hookups, and will last from 2 A.M. until 6 A.M. Easter Sunday.

The moving picture began as a production of a Tulsa film company. It was to have been shown in schools and churches. However, when the 1948 Pageant was flashed on the screen, producers decided the world should know the human interest story of Rev. Wallock's life and the story of his dream come true.

A Hollywood company took it over, and a modern plot was created around the pageant idea. *The Lawton Story* stars Ginger Prince, 6-year-old Atlanta, Georgia, girl, who plays the part of Rev. Wallock's niece.

Thirty seats for the April 1 premiere in Lawton will be sold for \$1,000 each, highest price in movie history. Thirty more will sell at \$100 each, and the remainder at \$5 a seat. This is expected to swell the pageant fund by \$50,000 and guarantee permanent future production of the mountain Easter service.

The Lawton Story is the story of a man's inspiration and its impact upon his community.

(CONTINUED ON PAGE 28)

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

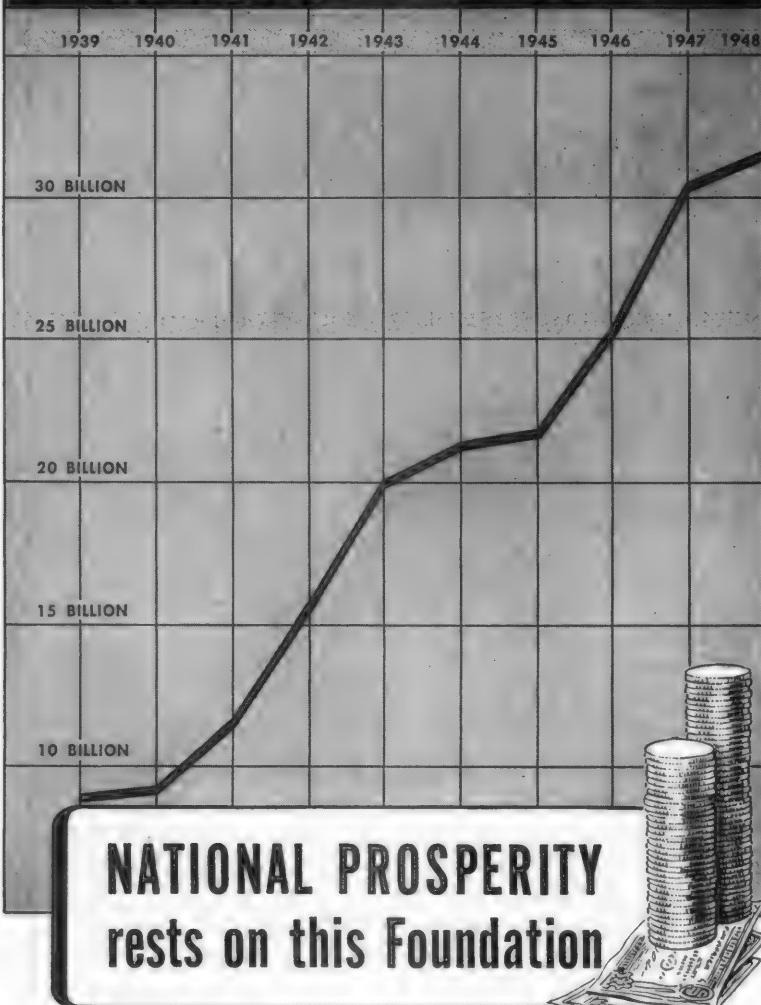
Our storage rates have always been geared to accommodate small businesses. In 5% of our warehouses the value of goods stored does not exceed \$5,000; in 6% value is from \$5,000 to \$10,000 and in 17% value is from \$10,000 to \$20,000. Our Field Warehouse Service enables you to extend maximum credit service with minimum risk to both your small and large borrowers through Warehouse Receipt Loans against their raw materials or finished products.

OPERATING OFFICES

128 Jackson St., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass. • 14 Lafayette Square, Buffalo 3, N. Y. • Liberty Life Bldg., Charlotte 2, N. C. 120 So. LaSalle St., Chicago 3, Ill. • Thomas Bldg., Dallas 1, Texas • National Bank Bldg., Detroit 32, Mich. • Roosevelt Bldg., Indianapolis 4, Ind. • 121 W. Forsyth St., Jacksonville 2, Fla. • 520 W. Seventh St., Los Angeles 14, Calif. • First National Bank Bldg., Memphis 3, Tenn. • 16 So. Broad St., Philadelphia 2, Pa. • Keystone Bldg., Pittsburgh 22, Pa. • 222 Spring St., Shreveport 69, La. • 8th & Locust Sts., St. Paul 1, Minn. • 243 Kearny St., San Francisco 8, Calif. • University Bldg., Syracuse 2, N. Y.

New York Terminal Warehouse Company
25 SOUTH WILLIAM ST., NEW YORK 4, N. Y.

NATIONAL FARM INCOME



BY and large the only producer of new wealth is the farmer. Business and industry simply add value to wealth that already exists.

So it is that when the farmer prospers, the whole nation prospers. National income moves with farm income . . . in the unvarying ratio of between seven and eight to one.

In large measure, farm prosperity is based on modern farm equipment—equipment that has replaced the horse, all but eliminated laborious hand labor, increased production at greatly reduced production cost, relieved manpower shortages.

To make it possible for farmers to purchase necessary machines, the farm equipment dealer must often look to you for financial help in floor-planning his own inventories and in extending credit.

This local financing is best done on a local basis. Who knows better than

you the requirements of the local farm equipment dealer—the financial condition of the farmer . . . the problems and needs of the community.

That's why it will pay you to get acquainted with your Massey-Harris dealer. He can help you as a source of direct business. He can give you leads for farmer business. Helping him, you also help yourself . . . you help bring prosperity to other local merchants . . . you help the entire community.

The Massey-Harris Company
Quality Avenue, Racine, Wisconsin

Manufacturers of tractors, combines, corn pickers, forage harvesters, and a full line of other farm machinery for more than a hundred years.

Make it a Massey-Harris



(CONTINUED FROM PAGE 26)

Last year Millard and his wife were asked to take part.

"The way so many people were helping with such spirit at the Easter service really got us," Millard said after last year's production.

"Rev. Wallock's spirit and strength seem to have been picked up by everyone who knew him."

Millard wound up being elected president of the cast personnel association. Modestly, he says, "I guess Ruth and I will always help keep it going now, because we see what it meant to Rev. Wallock and to everyone else connected with it. This must and will be the greatest year of the service."

Millard's statement typifies the attitude of Oklahoma. It has made possible *The Lawton Story* and an Easter dream come true.

Short »

« Quotes

"The dollar we have today is a different dollar, a smaller dollar in purchasing power, a more dishonest dollar in terms of its redeemability than the dollar we had prior to 1933." —JOSEPH STAGG LAWRENCE, vice-president, Empire Trust Co., New York.

"Credit problems should be dealt with at the local level in the light of specific facts. It is likewise at the local level that banking's reputation stands or falls, and, accordingly, much depends upon the individual banker making the applicant for credit understand the reasoning behind the bank's policies." —KENNETH K. DUVALL, president, First National Bank of Appleton, Wis.

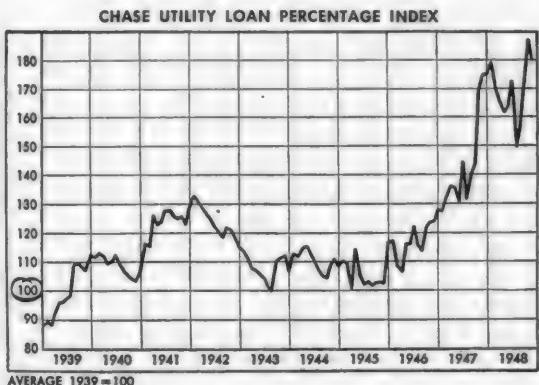
"Intelligent bank investment should utilize the wealth of available facts if it is to be successful. It must not be supposed that federal policy and attitude toward our making or withholding loans, or examining agencies' comments on the length of a bank's portfolio, will relieve the banker of his responsibility. By the same token, it should not be permitted to stultify the formulation of a bond investment policy in accord with a factual study of his own bank and his own community." —F. BRIAN REUTER, vice-president, Mellon National Bank and Trust Co., Pittsburgh, Pa.

BANK-MONEY

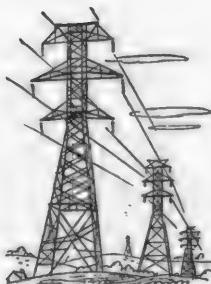
*brings Kilowatts
to Your Kitchen*

Electrification—the march of kilowatts across the land—is an index of a nation's progress—but before the current flows, money must flow and flexible bank credit plays an indispensable part.

The Chase has been a leader in supplying Bank-Money for the march of kilowatts. To provide this important service, the Chase for nearly two decades has maintained a special department dealing exclusively with the nation's electric and gas companies.



Chase credit is constantly bringing to more and more homes and industries throughout the nation—current that flows at the turn of the switch.



**THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK**

Member Federal Deposit Insurance Corporation

*Banks can broaden
their service to customers
by using Chase facilities*

Tired Money

WHEN a certain popular green paper commodity has become worn out in the hands and wallets of several million citizens, it finds its way to the nearest Federal Reserve bank, which, in these pictures, is the one in Chicago. There it is sorted and examined (*right*), punched (*below*), prepared for cutting (*bottom left*) and sliced in half (*middle right*), so that the two halves of the same piece of currency will not be in the mails at one time on their way to Washington. Even the mail bags are locked with a special recording device. The average life of a dollar bill is about nine months. The Federal Reserve Bank of Chicago handled, in this way, \$811,000,000 of worn currency last year. The final burning is done by the Bureau of Printing and Engraving in Washington.



Even the "confetti" (*above*) is carefully burned



Voice of experience:

*Another Bank Tells
Why It Likes
The Burroughs Commercial
Teller's Machine*



*"Faster Service to Customers,
Simplified Teller Procedures"*

"Our customers readily accepted the change . . . they liked the speedier service at the window as well as the elimination of the passbook. Our tellers' procedure has been greatly improved . . . tellers' differences have shown a marked improvement and the flow of work to our Proof Department has been accelerated. Without hesitation, we recommend this system for any commercial tellers' operation."

First and Merchants National
Bank of Richmond
Richmond, Virginia

Day after day, more banks approve the results obtained with Burroughs Commercial Teller's Machines. In 46 states, banks serving nearly five million depositors are now offering their customers this better, faster service. You, too, will find it an important banking asset. Get the facts from your Burroughs man today.

WHEREVER THERE'S BUSINESS THERE'S

Burroughs

Cross a bridge and make a wish —this wish:



NEXT TIME you save ten or twenty or fifty miles of driving by taking the short way over a bridge — give a thought to the days when the bridge wasn't there, when people had to take the long way around.

Right then would be a good time to make your wish . . . a wish that America will always have engineers able to plan and build these amazing structures, and public officials with imagination to foresee the public need.

And right then, too, would be a good time to be glad that America produces more steel than any other country in the world.

Brains and steel. These are two vital

ingredients for building a better America. If you could visit all parts of the nation today, you'd see steel being used to build literally hundreds of bridges. Many of them are projects that have been waiting since before the war.

But the call for steel goes up from dozens of other quarters, too. Nothing else can take its place. Steel for housing . . . for sewage disposal plants . . . for automobiles . . . for roads . . . for badly needed railroad equipment. Never before has there been such constructive need for steel.

United States Steel plants are working at top capacity to do their full part in meeting this unprecedented demand.

And the 900 million dollar United States Steel improvement program currently going forward is adding still more steel-making capacity to serve the nation. Scientists in United States Steel research laboratories continue their work of creating better, stronger steels—so as to make every ton give the utmost service.

Helping to build a better America is the number-one job of United States Steel.

This label is your guide to quality Steel.

UNITED STATES STEEL CORPORATION SUBSIDIARIES

UNITED STATES STEEL



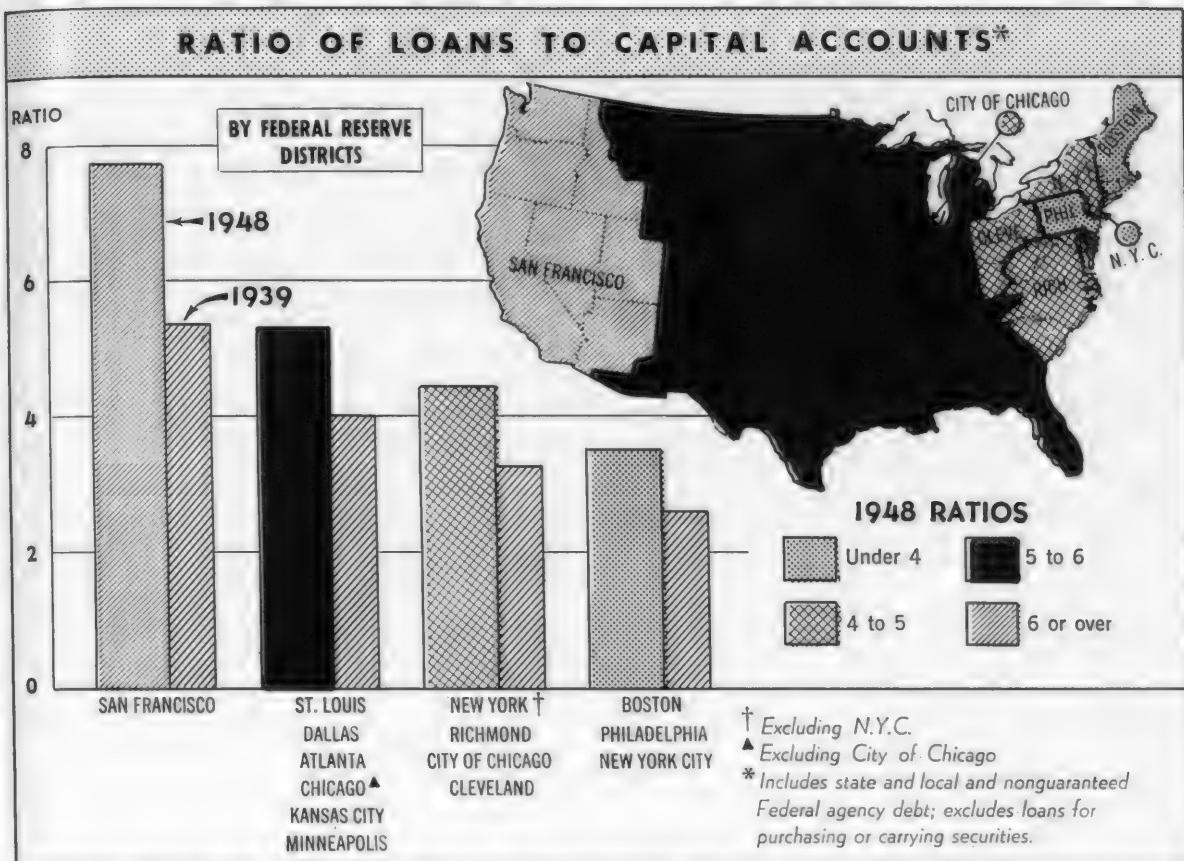
Helping to Build a Better America



Listen to . . . The Theatre Guild on the Air, presented every Sunday evening by United States Steel. American Broadcasting Co., coast-to-coast network. Consult your newspaper for time and station.

APRIL 1949

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



There is a different composition of deposits across the country reflecting a different composition of business

The Geography of Bank Earnings This Year

JAMES W. WOOSTER, JR.

Mr. WOOSTER, who wrote in February BANKING on "What Annual Bank Reports Show," comments specifically here on the outlook for bank earnings. Recently there was a meeting in the office of McMullen, Park & Hard, members of the New York Stock Exchange, attended by representatives of six statistical and investment counsel organizations, six banks and trust companies, one insurance company and one brokerage firm, for the purpose of going into the question of 1949 prospects for bank earnings in New York City. This group studied the statistics on 18 New York City banks and reached certain positive conclusions, which appear on page 35. Supplementing these, Mr. WOOSTER offers here some independent comments.

LOAN portfolios of country banks are much more heavily weighted with longer term real estate loans than is true for New York City banks, and their reserves with the Federal Reserve banks are proportionately smaller. Therefore, the country banks tend to look on the U. S. Government securities as more of a liquid "secondary reserve" and less as a major earning asset than do New York City banks. This difference in function is doubtless one of the strong influences behind the rather surprising condition portrayed on the cover map of this issue of BANKING, which shows that banks in the northwestern and mid-western plains states hold U. S. Government bonds with an average maturity shorter than that of banks in the northeast.

Certain influences which shape the earnings outlook for banks affect both large and small, city and country, eastern and western banks. For example, the state of the nation's



The author (*far right*) of this article was a member of a panel at the annual Savings and Mortgage Conference of the Savings and Mortgage Division, American Bankers Association, on March 14. With Mr. Wooster are, *left to right*, Theron A. Woodsum, statistician, Savings Banks Association of Maine; Mervin B. France, president, Society for Savings, Cleveland; L. Sumner Pruyne, chairman of the panel and vice-president, First National Bank of Boston; and E. Sherman Adams, assistant vice-president, Central Hanover Bank & Trust Company, New York City. The panel subject was "An Investment Committee in Action"

business is a direct factor in appraising the state of the banking business. Some communities and localities may vary in the degree to which the national business picture affects their operations, but none escapes the impact of major swings from boom to recession, and vice versa.

Similarly, the fiscal policies of the Federal Government, which have such a substantial bearing on the creation or elimination of bank deposits and on the pattern of interest rates, have an obvious and important influence upon the outlook for earnings on the part of all banks—in fact, upon all investing institutions. The inevitability of this universal influence is underlined by the fact that the market for money, except that used locally, is a national market and an impersonal market. The giant city bank which may buy \$10-million of Treasury certificates at a clip gets no higher or no lower yield from its purchase than does a small country bank which may buy a hundredth or a thousandth of this amount.

These influences on the banking system as a whole are so obvious and so generally recognized that they may cause us to overlook the equally important fact that in many segments of bank operation there are basic differences between large city banks and smaller country banks. As a group the larger banks, particularly those located in central reserve cities, are wholesalers of credit; their customers include national corporations and large financial institutions. Their average depositor balance is substantial and their average loan is high. Their operations are geared to large volume and a small margin of profit. Corporate and personal trust activities provide important sources of income. Most of their deposits are demand deposits, requiring large liquid reserves against withdrawal contingencies.

By contrast, operations in smaller banks are geared to the "retail" level. The average size transaction, be it loan or deposit, is smaller; the volume is less and the margin of profit is greater, in reflection of increased costs in relation to the dollar volume of business handled. A substantial portion of total deposits is represented by savings accounts which can be invested on a more permanent basis than demand deposits, but which require a higher rate of earnings in order to permit interest payments.

Income Figures Reflect Differences

Certain of these fundamental differences between large metropolitan banks and country banks in the type of business conducted are reflected in their income and expense figures. For example, in 1948 country member banks as a group had earnings per dollar of deposits about one-third greater than for New York City banks as a group. Offsetting part of this earnings differential is the higher expense ratio of country banks versus large city banks. A major item of expense for country banks is interest paid on time deposits, which in 1948 amounted to 11.8 percent of total earnings. For New York City member banks, interest paid on time deposits was only 1.7 percent of total earnings.

Income from loans on the part of country banks was one-sixth greater in relation to deposits than in the case of New York City banks, and the average rate of interest on loans made by country banks was over twice that charged by New York City banks. The difference in the character of these loans is, of course, the chief reason for the difference in rates. For New York City banks about 70 percent of total loans are classified as "commercial," with real estate loans amounting to about 2 percent. For country banks, commercial loans are less than 30 percent of total loans, whereas real estate loans are 37 percent of the total.

New York City member banks as a group have reserves with the Federal Reserve banks in a dollar amount approximating that of country member banks as a group, but the deposits of these New York City banks are only about 42 percent, well under half, of the amount of deposits held by country banks.

As further indications of differences existing between country banks as a group and New York City banks, it might be mentioned that trust department fees for country banks produce only about a quarter of the proportion of total income that they do for New York City banks, whereas service charges on deposit accounts are only about a third as important for New York City banks as producers of income as they are for country banks.

Looking ahead to the balance of 1949, it would seem that country banks face a somewhat better earnings outlook

than do the larger city banks. This latter group is more dependent upon income from commercial loans than is the country bank group, which relies more on income from real estate loans. Commercial loans represent more than 25 percent of total loans and investments of New York City banks, whereas the corresponding figure for country banks is 9 percent. The trend is towards a leveling off, and some pos-

sible reduction in commercial loans for the balance of the year.

In contrast, with country banks relying more on such stable items as income from longer term real estate loans and service charges on deposit accounts, it would seem that these smaller banks face a more assured earnings future during the coming months than do their big city correspondents.

Earnings Prospects for 18 New York City Banks

(A memorandum based on the conference mentioned on page 33)

SINCE 1941 the trend towards decentralization of industry has had a similar effect on bank deposits. It takes a lot of money to run some of the new large plants that have been constructed in recent years, particularly in the South and Southwest, and a good part of this money will remain with out-of-town banks. While this trend of decentralization may have been stopped, no important reversal is seen at this time.

Operating expenses in 1949 will probably show another, but moderate, increase over 1948 of from 3 to 5 percent.

As far as taxes are concerned, this depends, of course,

entirely on what Congress is going to do. The best guess, at the moment, for 1949 is that if taxes are going to be increased at all, it is going to be slight. However, any tax increase is a direct blow at the stockholders. It must also be kept in mind that many of the banks have as yet not paid the full 38 percent rate and some of the earnings are therefore over-stated. Possible savings, such as lower assessments for Federal deposit insurance, should not be counted on for the current year.

(CONTINUED ON PAGE 78)

COMBINED CONDENSED BALANCE SHEET OF 18 BANKS IN THIS SURVEY

RESOURCES	1933	1941	1944	1945	1946	1947	1948
	In Billions						
Cash, etc.	\$ 1.74	\$ 6.49	\$ 4.75	\$ 6.25	\$ 6.09	\$ 7.00	\$ 7.50
U. S. Government securities	2.27	7.04	15.90	16.18	12.26	11.03	8.93
Other securities	1.14	1.51	1.08	1.26	1.21	1.24	1.08
Loans, etc.	3.56	4.02	5.60	7.08	6.18	7.01	7.86
Banking premises & other real estate	0.26	0.22	0.18	0.17	0.16	0.15	0.15
All other assets	0.54	0.08	0.10	0.11	0.14	0.16	0.18
	\$ 9.52	\$ 19.37	\$ 27.62	\$ 31.05	\$ 26.05	\$ 26.60	\$ 25.70
LIABILITIES							
Capital funds	\$ 1.39	\$ 1.52	\$ 1.74	\$ 1.86	\$ 1.93	\$ 2.01	\$ 2.08
Res. for contingencies, taxes, interest, etc.	0.13	0.06	0.14	0.19	0.21	0.15	0.19
Dividends payable	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Acceptances, etc.	0.47	0.05	0.04	0.04	0.08	0.10	0.13
Other liabilities	0.08	0.04	0.14	0.25	0.03	0.07	0.11
Deposits	7.42	17.69	25.53	28.68	23.77	24.24	23.16
	\$ 9.52	\$ 19.37	\$ 27.62	\$ 31.05	\$ 26.05	\$ 26.60	\$ 25.70
CAPITAL FUNDS PERCENT OF							
Deposits	18.7%	8.6%	6.8%	6.5%	8.1%	8.3%	9.0%
Invested assets	17.8	11.8	7.6	7.5	9.7	10.3	11.4
Investments	40.6	17.7	10.2	10.7	14.3	16.4	20.8
PERCENT OF TOTAL ASSETS							
Cash, etc.	18.2%	33.5%	17.2%	20.1%	23.4%	26.3%	29.2%
U. S. Government securities	23.9	36.4	57.6	52.1	47.1	41.5	34.7
Other securities	12.0	7.8	3.9	4.1	4.6	4.7	4.2
Loans, etc.	37.4	20.8	20.3	22.8	23.7	26.3	30.6
Banking premises & other real estate	2.8	1.1	0.6	0.5	0.6	0.6	0.6
All other assets	5.7	0.4	0.4	0.4	0.6	0.6	0.7
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Mr. Conner (second from left) and Mr. Frenzel (far right) at Elkhart bank dinner *

Public Relations Meetings

HELEN R. JARVIS

The author is associate editor of *The Hoosier Banker*, published by the Indiana Bankers Association.

UP AND DOWN the state of Indiana the hard-working bank employee is more frequently getting a deserved pat on the back, and the bank customer is more often seeing a "banker with a smile."

This is largely the result of a program sponsored by two Indianapolis banks which dramatizes the need for improved public and employee relations in banking. For the affiliated Merchants National Bank and Indiana Trust Company, it's a new—and unselfish—twist to the old service of city banks for their correspondents.

To carry out the program Vice-president Oscar Frenzel and Assistant Vice-president Willis B. Conner, Jr., appear at bank staff meetings where directors, officers, and employees sit side by side and take lessons in customer and employee relations. The bank sets up the dinner and meeting, invites officers, directors and employees and sometimes staffs of neighboring banks. Then Mr. Conner and Mr. Frenzel go in and put on the show.

The two officers build their program around the theme that good employee relations are the foundation for an effective public relations program.

Mr. Conner talks on the broad field of public relations and shows two films which portray the importance of employee-customer relations and the art of creating goodwill through courtesy, friendliness, alertness, and consideration of cus-

tomers' needs. The Indianapolis banks purchased the films, which were produced by the Financial Public Relations Association, and provide the projector and operator for each showing.

Mr. Frenzel illustrates the do's and don'ts of good employee and public relations with amusing incidents from his own experience.

At each dinner plate are copies of the American Bankers Association booklet, *Public Relations Is Up To You*, and a card bearing the definition of public relations adopted by the Public Relations Committee of the Indiana Bankers Association. Mr. Conner has been chairman of this committee for the last two years.

It's easy to understand why employees come to hear the Conner-Frenzel team the first time. After all, who's going to pass up a free dinner on the bank even if they have to hear a speech afterwards? And these speeches are interesting!

That's why they ask them to come back again, and write fan letters, telling how they've put the suggestions to work.

Mr. Conner has an enthusiasm, a sincerity and a fervor for the philosophy of employee and public relations that is close to a passion. He has a booming voice, a freedom of expression and gesture that would make many a preacher envious. He talks to every individual in the room, makes him feel that he is important in his routine job, makes him

* Left to right, at dinner for officers, directors and employees of the First National Bank of Elkhart: Walter R. Beardsley, bank director, and president, Miles Laboratories, Inc.; Mr. Conner; George S. Anderson, president of the host bank, and Mr. Frenzel



Mr. Conner, giving a talk to bank employees in Lafayette, Indiana, is holding the interest of all but two of his audience

for Hoosier Bank Employees

swell with pride at the recognition of his work and responsibility.

"Public relations starts with the proper recognition of the employee," Mr. Conner says. "A pat on the back for a job well done will make him a better person and a better employee."

He reminds listening officers and directors that 90 percent of the public contact in a bank is not over an officer's desk but with employees.

"In the minds of a large percentage of bank customers," he says, "the teller is their banker. Visits to banks frequently reveal a long line in front of one cage and nobody at the next window. The people who are waiting in line like that teller. There is something in his make-up that attracts people."

There's public relations in letter writing. He tells about walking into a country bank one day just as the president was reading a letter from a top officer of a city bank.

"Here," the banker said disgustedly, "you're interested in public relations. Look at this!"

As he read the letter Mr. Conner noted that the country banker's middle initial was wrong; "flying capitals" spoiled the salutation; the page-long letter had margins of less than half an inch and only two paragraphs, and the typewriter ribbon was worn out.

After he told this story at one bank meeting, he received a letter from the secretary to one bank's executive vice-president.

"I took your advice," she wrote, "and changed my typewriter ribbon first thing this morning."

Loan making "is a key spot for good or bad public relations," Mr. Conner points out and recommends that loan officers read Elmer Wheeler's booklet, *Take An Hour To Say No.*

The day after he had addressed a staff meeting he walked into the bank and a loan officer called him over.

"Say, I did what you said this morning," the officer said. "I took an hour to say no, and you know what? The customer thanked me. First time that ever happened."

He tells bookkeepers about their public relations opportunities.

"The most important ledger sheet in any bank is called goodwill," he says. "And when bookkeepers feel that every sheet is a person rather than a piece of paper, they do a much better job and get a bigger kick out of their job. Messy statements, stacked figures and mistakes corrected in pencil create bad public relations for the bank and reflect on the bookkeeper who made the mistakes."

To telephone operators he says: "Few people know or realize how many incoming telephone calls a bank receives each day. Each call creates some kind of an impression in the mind of the customer calling the bank. You must make it a good one."

He points a finger at the officers and directors when he talks about public relations with the community.

"At present 61 percent of the American people can think of nothing the bankers do to participate in community affairs," he says, citing the results of the public opinion survey conducted for the Association of Reserve City Bankers.

(CONTINUED ON PAGE 77)

"A Bank Helps People in Many Ways"



On the way to the bank, deposit slips in hand

These youngsters are opening their accounts

BURTON M. OLIVER

Mr. OLIVER is supervisor of the Thrift, Conservation and School Savings Program, Los Angeles City Schools.

A CONSTRUCTIVE and positive program of thrift is an objective and responsibility of each Los Angeles city school.

The school's instructional program for the teaching of thrift and conservation values is interpreted for our purpose as a four-fold responsibility of the parent, pupil, teacher, and principal, and is designed to give pupils every opportunity to develop habits of thrift in regard to time, materials, money, and human and natural resources.

As a part of this vital program, the local banks are cooperating with the Los Angeles city schools in making it possible for sixth grade and older pupils to have guided tours through the community's banks. Also, to encourage the saving of money, the banks permit pupils of all grades to open school savings accounts with as little as one dollar. Thereafter it is hoped that each child will continue to save his spare coins so that he can go to the bank each time he saves another dollar.

Since October 1948, more than 150 bank tours have been conducted for our elementary and junior high schools.

About a week before the day of the bank trip the supervisor goes to the school to conduct a brief assembly (for grades four and up) in which emphasis is given as to the importance of developing good thrift habits as related to time, materials, and money. Part of the time is devoted to a 10-minute film entitled *Fred Meets a Bank*, and to instructions relative to the bank trip, since all pupils other than the class planning the tour must be prepared to open a new account in order to go on the trip.



The teachers follow up the instructions to be sure that all children planning to open accounts have a bank signature card properly filled out in addition to a dollar on the morning of the trip.

The following items are included in a discussion and demonstration at the bank in language the pupils can understand:

(1) Opening a school savings account: signature card; deposit slip; ledger card; bank book; withdrawal slip; interest paid on school savings accounts; value of a school savings account to young people.

(2) Tellers' duties: receiving deposits for savings and checking accounts; paying money on withdrawals, and cashing checks after proper identification; making change.

(3) Bookkeeping section: duties and responsibilities of bookkeepers; the use of machines; importance of accuracy.

(4) Loan department: why people borrow money (to buy or build a house, including a lot; purchase furniture and appliances; buy an automobile; help finance a business; pay for sickness); investigating the borrower (character, and ability to repay the loan); note or I.O.U. signed by borrower; method of repaying loan (monthly payments by cash or check); interest paid on loans—bank's main source of income, which is needed to pay such expenses as salaries, building (owned or rented), equipment, supplies, insurance (fire, theft, Federal), utility bills, taxes, and interest on savings.

(5) Vault: door—combination, time lock; alarm system; storage space for money and records.

(6) Safe deposit department: purpose of safe deposit boxes; protection of boxes—identification, two keys, lock changed if key is lost.

Other things in a bank which are shown the children are counterfeit coins, currency of large denominations, and bags of coin.

After returning to their various classes, pupils carry on a

Safe deposit boxes are always interesting



April 1949



A poster used in the Los Angeles school system

discussion about their trip under the leadership of the supervisor.

As the various points are developed by the pupils, their teacher writes them on the blackboard in outline form for future reference. As a part of the classroom work the following words are used in sentences and as a spelling lesson in

(CONTINUED ON PAGE 97)



How Banks Are Beating The Traffic Problem

JOHN J. McCANN

MR. McCANN, a member of BANKING's staff, with headquarters in Chicago, describes here the results of a survey made by this publication. The drive-in and its many modifications are the banks' contribution to solving the traffic congestion problem, which is harassing town and city authorities all over the United States, as well as business establishments of all kinds that operate "downtown."

Harley Swift, authority on traffic conditions and transit modernization, says: "Statistics gathered by the Institute of Traffic Engineers show that a person traveling in a private car takes up 500 square feet of street space. If he traveled in a public transit vehicle, he would take up only 70 square feet of street space. The normal, two-lane city street can handle about 3,100 private cars per hour. If these passengers rode in modern transit vehicles, such as the trackless trolley coach, more than 10,000 persons could be handled in an hour."

A subsequent article by MR. McCANN will deal with examples of drive-ins and similar facilities designed for the motorist who can't find a place to park.

TRAFFIC congestion has become a critical problem in most urban areas. Concentrated business districts, which suffer most, get some relief in traffic regulations, metered parking, and vigilant policing, but not enough; frequently these fall short of a real solution.

Once the boom in business was measured by clocking traffic, but no one knows better than the average shopkeeper that the traffic snarls outside his door actually mean less business. If you stop to question, you are likely to find him at wit's end trying to keep the irate and elusive customer from being lured away by more fortunate competitors in decentralized locations who offer free parking and other inducements to the driver.

The average small businessman, and particularly the small retailer, is beginning to sense that the Wheel Age is doing him in, that the much used family car has become both a personal and

economic hazard, and has increased his cost of doing business. He can tell by the cash register that the automobile, once responsible for expanding his business over a wide trade area, is now driving it away as traffic congestion grows worse. He eyes suspiciously the value of his central location, no longer convenient to the motorist, hemmed in as he is by solid blocks of buildings. He laments that the erstwhile pedestrian is just one out of every 10 or so lucky customers who cruised long enough to find a parking space.

THE traffic dilemma is shared alike by the shopkeeper, professional people, the office worker, the factory employee, the housewife; everyone who makes up the vast stream of moving traffic is a victim of it. And, wherever business finds the traffic problem a menace to its welfare, it is a safe bet that the local bank feels it even more keenly, since its service is singularly vital to all.

What is the solution? At the civic planning level there are some visionaries who view the situation as hopeless, since our communities were laid out for buggies and bicycles; they say we should now rebuild along futuristic lines with interlacing car ramps and even landing fields. There are others who say let's decentralize altogether, this being the Atomic Age, and start again from scratch. Some members of the planning boards clamor for more teeth in traffic regulations, and the driving public be . . . fined! Yet practical-minded folk, businessmen and bankers, knowing the automobile is here to stay in ever increasing numbers, take the reasonable view that every expedient helps. They know there is no solution in further exasperating the driver; but there is much merit in developing more and effective ways of serving him in and outside of his car.

The principal dilemma is that cars have no place to park. Nearly all traffic congestion may be traced to this fact. Hence, the inevitable need for additional off-street parking facilities, for more private and municipally operated



A practical "artist's conception" of a future drive-in, with windows installed in a series of bunkers, offering two-way service on several lanes. Bunkers are connected underground with the main banking building

car lots, for ramp garages, and perhaps readjustment and better regulation of parking on public thoroughfares. Another partial solution lies in encouraging businesses of all types to develop wherever possible their own parking accommodations. Still another solution that looms more importantly on the present day scene is the drive-up or drive-in type of service which serves traffic on the move.

Drive-in banking may be one answer.

To discover what was what in drive-in facilities, *BANKING* gathered reports from 60 installations ranging all the way from branch chains to small unit offices. Some 15 served predominantly residential districts with the usual concentrated shopping centers; eight were located in industrial areas; 23 served

general business in midtown or other concentrated districts; a number served areas predominantly agricultural, or mining, or ranching, and a few were designed for commuter traffic. But the majority of the installations serve the wide diversification of commercial and individual accounts that is found in most communities.

Checking on the reasons which prompted this group of banks to adopt drive-in service, some 33 reported parking difficulties, local traffic congestion, or internal trouble of inadequate and overcrowded lobby space. Another 21 mentioned convenience and better service for customers, and we may assume this relates in part at least to the local traffic problem. Three banks mentioned installing the service for its advertising

and new business building value, and three others incorporated the service as part of a general remodeling program.

Many of the reporting banks commented on customer reaction. Bank of California, which installed the first drive-in service in metropolitan San Francisco in January 1949, tells of a wholesale butcher who found the service a great convenience because he did not have to tidy up his appearance for a bank errand; another customer saved an hour and a half daily doing business at the drive-in. Many banks remarked about the enthusiasm of housewives who no longer had to lug little Johnny to the bank, but could keep him out of mischief in the car while conveniently doing her banking chore. Others men-

(CONTINUED ON PAGE 66)

Inside and outside views of the drive-in facility of the First and Merchants National Bank of Richmond, Virginia. A conventional inside teller's space adjoins the drive-in teller at the left





LAWRENCE
STAFFORD

DEVANET

Reserves • Hoover Report • Housing Bonds

THE light will begin to show this month on some of the principal issues before Congress as they affect the business of banking.

What if anything will happen to one of the most important, however, may await settlement until summer. That is the proposal to empower the Federal Reserve Board in its discretion to order 10 more percentage points of demand deposit reserves and four points on time deposits, and at the same time require that any such increment of higher reserve be deposited by all members of the FDIC, whether or not members of the Federal Reserve System, in Federal Reserve banks or branches.

This proposal, backed by the President, was quietly put off until later in order to determine the outlook for business activity. While it cannot be ruled out, congressional sentiment remains hostile to this proposal.

Thus this spring season, by perhaps disclosing more clearly the state of business, may give a clue as to whether other anti-inflation measures, including higher bank reserves, will develop a sympathy they have failed to get from this Congress, almost from the beginning.

The so-called "private housing bill" is also expected to develop further in the legislative mill, following the public housing bill. This bill may advance the Government into direct lending on multiple-unit, rental housing projects, and for veterans' cooperative housing projects. It also proposes to extend broadly the accessibility of the Government secondary mortgage market, the Federal National Mortgage Association of the Reconstruction Finance Corporation, to all original lending institutions.

One feature of this housing bill to be settled is a proposal

authorizing moratoria on FHA-insured loans up to three years, for mortgagors in distress.

In general the Administration's entire broad legislative program has bogged down and the President's leadership over Congress has, for the first three months of this year, at least, been weak.

The bulk of the broad legislative program still awaits achievement with the opening of spring. In general, controls face rough going on prices and materials. Higher taxes, if they come, will be enacted late in the session. The Congress is unlikely to approve even the start of a broad program, such as proposed by the President, for either direct Government loans to finance industrial plant expansion or for Government construction of plants.

Withholding and Payroll Taxes

There is now under consideration by the Treasury a new plan whereby both withholding and social security taxes, instead of merely withholding taxes, as at present, will be added to the War Loan accounts of depository banks.

This plan will also by consolidating both the withholding and social security payroll tax returns of the employer, simplify the latter's task of accounting to the Treasury.

This new plan is expected to go into operation some time this fall unless some unexpected hitch develops.

At present, only withholding taxes are deposited by employers in the designated depository banks. The employer gets a receipt from the bank for the deposit. He takes this receipt and files it with his tax return to the Collector of Internal Revenue.

Under the present system all the banks are reimbursed by

the Treasury by an aggregate of about a million dollars for the clerical work they perform in handling these tax receipts.

Under the new system being considered, employers would be permitted to consolidate their tax payments and returns for both the withholding and social security taxes, making one return where two are now required.

Instead of sending in their funds to some 9,000 designated depository banks, however, employers would send the social security money to the Federal Reserve bank or branch of their district. The Federal Reserve banks would receive these receipts only as the fiscal agent of the Treasury Department.

Upon receiving these tax payments the Federal Reserve banks would return the checks to the drawee banks, the same as any other checks drawn upon the bank.

However, at that point a different procedure would operate. The money would remain in the hands of the depository banks, who would debit the particular accounts of employers and credit the Treasury's War Loan account.

There is another difference in the new procedure. The Federal Reserve banks and branches rather than the depository banks would handle for the Collector of Internal Revenue the bookkeeping task of keeping track of each employer-taxpayer's accounts for social security and withholding taxes.

Federal Reserve banks will handle this bookkeeping work without cost to the Treasury. It is planned to mechanize this rather large bookkeeping operation. Hence the Federal Reserve banks will absorb this cost; actually, it is said, the mechanized bookkeeping plan will involve no additional outlay to the Federal Reserve banks.

So, as the new system works out, it is reported to have three distinct advantages:

(1) Employers will benefit by having their paper work of filing both withholding and social security taxes cut about in half.

(2) Commercial banks will benefit by the acquisition for their War Loan accounts of the additional social security payroll tax receipts (now paid to the Treasury), and their War Loan accounts will be increased by this much.

(3) The taxpayer will be saved the million dollars which now only reimburses, and without any profit to the banks, the depository banks for their actual expenses of keeping books on these accounts.

This will involve no transfer of checking accounts of employers from commercial banks to Federal Reserve banks. Employers will maintain their accounts with the commercial banks. This process will permit the money checked out for social security payroll taxes as well as withholding taxes to remain with the commercial banks, although subject to the semi-weekly calls for disbursements against War Loan accounts.

Reorganizing Supervisory Agencies

There is almost an avalanche of proposals for reorganizing the Federal Government. Some of these relate to the bank supervisory agencies, and the sheer number and variety of all reorganization proposals is confusing to all but the closest students of this subject.

Thus, the Hoover Commission as a whole proposed that the Federal Deposit Insurance Corporation be placed under the supervision of the Treasury. On the other hand, one of the Hoover Commission task forces proposed that the FDIC, as well as the Comptroller of the Currency, be placed under the Federal Reserve Board so as to centralize all bank supervisory functions.

Some Specific Reorganization Plans

Specifically, a task force of the Hoover Commission (and not the Hoover Commission) recommended that all Federal bank supervisory activities be vested in the Federal Reserve Board. The same task force group recommended that the membership of the Board be curtailed, and that a member, chairman or vice-chairman of the Board, be a member of the FDIC board. This task force group also proposed that a National Monetary Council be created representing the Director of the Budget, the chairman of the Federal Reserve Board, the Secretary of the Treasury, and one representative of other Government lending agencies.

Proposals varying from the above were recommended by the Commission itself in its report on the Treasury Department.

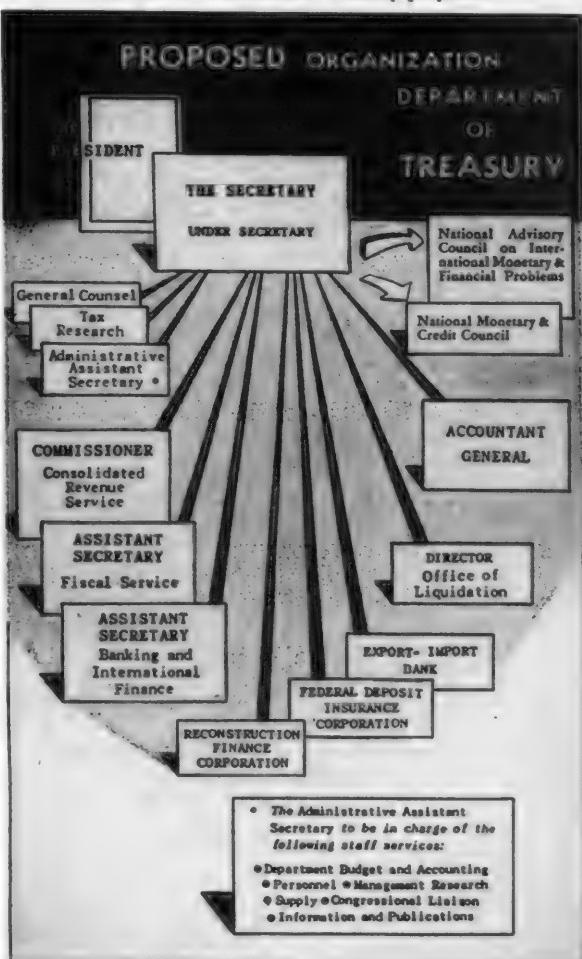
The Commission recommended that "the supervision of the operations of the Reconstruction Finance Corporation, the Federal Deposit Insurance Corporation, and the Export-Import bank be vested in the Secretary of the Treasury."

Assisting the Secretary of the Treasury should be an "Assistant Secretary in charge of Banking and International Finance" to attend to the supervision of the FDIC, Export-Import bank, and the RFC.

In proposing in other respects a substantial reorganization

(CONTINUED ON PAGE 106)

The Hoover Commission's Treasury proposals



How to Run an Unsuccessful Meeting

Drawings by DICK ERICSON

When a meeting falls on its face, it's usually because the person running it followed a set of rules like the ones below—taken straight from the book of experience



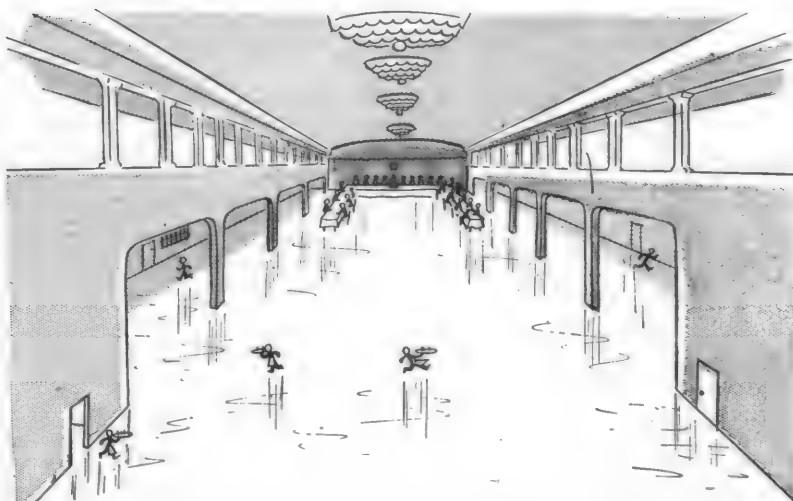
Say you're going to have a meeting for bankers and business men. You can get a lot of advice right at home. The last speaker at the women's club was such a charming fellow—curly hair, beautiful voice, the lu-u-uvliest manners. He's your man



Next pick a date that doesn't conflict with your bowling night. Any old date will do. And above all, keep it a secret. Don't let anybody know about it until the last possible moment



When your out-of-town speaker arrives, be sure nobody meets him and looks after him. No sense being nice to a bore who's going to talk you to death that very evening. And don't under any circumstances reserve him a hotel room. He's on his own



For a big crowd, hire a bungalow-size auditorium. For a small dinner, get a five-acre banquet hall. It makes the waiters walk farther and the speakers yell louder. Never try to fit the audience to the room

This one is important. Don't schedule just a few preliminary speeches. Start your meeting late and arrange for a dozen little 15-minute speeches, forcing your audience to wake up and applaud more frequently. It gives the main speaker a chance for a nap before he goes to work



You should be able to waste a good part of your evening introducing the principal speaker. Spread it on thick and keep flattering him until even he is embarrassed. Then wind it up with a horrible and totally garbled mispronunciation of his name. That way he pays for his meal with mental torture



Don't bother to keep the meeting orderly. If it gets rough, there's more fun for everybody. After all, since you're tired, you might as well relax and let the meeting run itself. A few hard rolls and custard pies in the air won't really hurt anybody



When it's all over, gather together your friends, if any, and take off. Let your tomato-garnished speaker find his way out by himself. He came at his own risk and if he can't find the station—well, you fed him, didn't you? The worst thing you can do at this point is thank him and give him his check. Let him wait for his money like anyone else. And don't ever think of writing him a letter of appreciation



DEVANET

Imports Are the Thing

HERBERT BRATTER

AMONG the many handsome and weighty volumes on the ERP is the report in which the Organization for European Economic Cooperation forecasts how near self-sufficiency the participating countries will be by 1953. By then, states the report, the OEEC countries should be exporting to the dollar area almost half again as much as prewar.

In other words, those countries have large export "targets." But ECA has some doubts about the achievement of those estimable targets. The estimates under present conditions seem in some cases to be exaggerated. There is considerable overlapping of the hopes of different countries as to the share of the U. S. market they can get. So ECA is advising the recipient countries to sharpen their pencils and put on their glasses and make more careful analysis of the possibilities of the American market. Unless these countries make much stronger efforts to cater to the American consumer and to sell him on imported goods, the reality during the coming buyer's market will fall far short of the "targets."

Paul Hoffman, himself a distinguished salesman, emphasizes the need for careful market research and earnest selling efforts if the ERP is to succeed, saying: "The possibility of increasing Europe's exports, especially to the American market, has seemed to me particularly promising, since exports respond with great sensitivity to the effort put out in promoting them. . . . Here in America is the richest market in the world, with an annual income of over \$200-million. Let us assume that Europe does have to find a way within the next three years to increase its exports by \$3-billion

annually over the level now contemplated in order to pay for its estimated import requirements. All that Europe needs to do is to find ways of attracting an additional 1 percent plus of the American national income for the purchase of its wares and the problem is solved. All the manufacturers of Europe need to do is to make an extra intensive effort to find out what American buyers want, to furnish them at prices that buyers are willing to pay, to package them attractively, and to merchandise them aggressively."

Commerce Studies Imports

ECA officials emphasize that it is up to the foreign sellers to make the effort needed to increase their sales here. There seems to be abroad nowadays too much of a tendency to sit back and wait for the American Government to do everything. We are entering a competitive market and Uncle Sam surely would have his hands full if he undertook to promote the sales of numerous commodities of a score of countries, all competing with one another for the Yankee dollar. But the official Washington view is that the increasing of imports by this country is the only way we can receive payment of even a fraction of the debts now owed us by the outside world and make it possible for the dollar shortage eventually to take care of itself. Washington will help all it can.

Most active in studying what can be done to promote imports has been the Department of Commerce. There the director of the intelligence and services division, E. E. Schnellbacher, told the writer:

"Perhaps the greatest need of the foreign producer seeking to sell his product in the United States market is an appreciation of the characteristics of this market and a knowledge of the marketing methods which sellers in the United States have found to be successful. The Department of Commerce, through the American Foreign Service, is constantly bringing to the attention of businessmen in foreign countries the wealth of basic marketing data and marketing aids published by the Department of Commerce and by private sources in the United States.

"The trade list service provides the necessary basic need for American buyers to make direct contact with potential

sellers and suppliers in the foreign markets. Likewise, Foreign Service officers, learning of specific opportunities in their territories for either the sale of American goods abroad or for obtaining locally produced goods for sale in the United States market, report full particulars to the Department of Commerce in Washington. These 'World Trade Leads' are published in *Foreign Commerce Weekly* and also made available to the trade press for the widest possible dissemination.

"An additional medium through which the exporter abroad may make direct and profitable contact with pro-

(CONTINUED ON PAGE 119)

Britain's "Terms of Trade"

F. BRADSHAW MAKIN

WHEN the citizens of the U.S.A. dig into their pockets to pay taxes to help meet the cost of the ERP expenditure, many may wonder whether the assistance being so generously provided is fulfilling its purpose; namely, recovery in Europe. The rapidity with which Britain exhausted the U.S.A. loan of 1946, and reports of the extension of social welfare schemes not unnaturally give rise to the thought that American aid is being dissipated.

Such, however, is not the case, and responsible opinion in Britain does appreciate the assistance that is being granted.

The fact, however, remains that many English people, as well as Americans, do not fully understand the altered position of Britain vis-à-vis the rest of the world resulting from the war.

When the war ended, most English people realized that their country's economy had been so disrupted that some time must elapse before anything approaching normality could be attained. Nearly three years have passed and the general situation is little better. In spite of the export drive, with its depletion of home market supplies, many of the longed-for imports have failed to materialize. The cry of "exports bring in the needed imports" is now becoming discredited by the majority. Nevertheless Britain must export on a large scale to survive as a great power, but for the past two years all her efforts have been largely nullified by a marked deterioration in the "terms of trade," or in other words by a disadvantageous movement in import prices.

Probably many people abroad, when told that the terms of trade have steadily moved against Britain since the war, will be tempted to consider the statement just another excuse for the failure to make a quick recovery. First, it was the loss of foreign investments, then the dollar shortage and now unfavorable terms of trade, or so thinks the critic. The question naturally arises: What is meant by "terms of trade"? Many economic textbooks contain no mention of the terms of trade as it is only during the past 20 years or so that the subject has become of great importance. Without attempting any clear cut definition it may be said that by "terms of trade" is meant the relationship between import and export prices. To put the matter more simply, the problem is really that of the volume of imports that can be obtained for a given volume of exports. If a country's export price level is stable but import prices are rising, then the terms of trade move against the

exporting country, which obviously receives less than before in exchange for its exports.

That is the position in which Britain has found herself since 1945. The index of both import and export prices at the end of 1945 in Britain (1938 = 100) was 195 for imports and 194 for exports. Therefore for each \$100 of exports Britain received \$100 of imports. By the end of 1946 the figures were: Imports 223, exports 210, and by July 1948, imports 292, exports 251. In July of last year this meant that for each \$100 of imports Britain had to make exports to the value of \$116. It will be noticed that, though British export prices have risen considerably since 1945, the cost to Britain of her imports has risen even more. There is little that Britain can do about it, in the absence of a fall in import prices. If Britain attempts to raise her export prices, which she is free to do, of course, she will lose some trade and probably be worse off than before. She is almost compelled in present circumstances to maintain her export drive, even though she receives lessened imports.

When the problem is looked at historically and dispassionately, it becomes increasingly clear that in the interwar period the British standard of life was to a large extent subsidized by the primary producing countries of the world. The depression in the primary product countries enabled Britain to obtain cheap food and raw materials in exchange for the minimum of exports. In the late Twenties and the Thirties the terms of trade moved in favor of Britain in no uncertain fashion. Few people, save economists, pointed out to the British people that they were receiving a cost of living bonus at the expense of others. Many of the restrictive practices on the part of both organized labor and capital owe their origin to the low cost of imports in the interwar years. Habits and ideas formed during periods of comparative ease are not readily eradicated when sterner times come.

What of the future? With the help of U.S.A. aid it is hoped that Britain will achieve independence and be able to stand on her own feet by 1952. She can only accomplish this if she increases her production both for home and export, or if the terms of trade become more favorable. Salvation by means of harder work has not yet been accepted by the nation as a whole, but the hard pressure of economic circumstances is driving the lesson home. People are gradually coming to realize that their standard of living does in the end depend upon themselves and their willingness to give a fair day's work for a fair return.

The author is a British economist and writer.

Decisions on Irrevocable Trusts

EARL S. MACNEILL

EARL S. MACNEILL

The author is vice-president of the Irving Trust Company, New York. He has written several articles on estate planning for BANKING in recent months.

After basking for a spell in the sunshine of the Treasury's proposed regulations on the marital deduction and other liberal features of the Revenue Act of 1948, tax lawyers and people in trust business lately have seen their skies darkened by the clouds of the Supreme Court's *Church* and *Spiegel* decisions.

This article is a search for the sunshine again.

It was the *Church* case that over-ruled *May v. Heiner*; and that, of itself, is not a very important fact. At the time *Heiner* came before the Court (1930) most tax lawyers assumed that where a man created an irrevocable living trust, though for the eventual benefit of others, if he reserved the income to himself for life the principal of the trust fund would be taxed as part of his estate. Therefore, *May v. Heiner*, which held to the contrary, was in the nature of a surprise; and there was no little rush to get on the band-wagon with irrevocable income-reserving trusts. The ride was short, however, for Congress amended the estate tax law early in 1931 and made reservation of income one of the tests of taxability.

Then came a short series of cases wherein retroactivity was denied to the amendment, so that all trusts of the *May v. Heiner* type created before the effective date of the amendment enjoyed immunity from Federal estate taxation. This made sense; if tax laws could be made retroactive, imagine the chaos!

Then along came *Church*. It was a pre-1930 trust, shaped just like *Heiner's*. The Supreme Court held it subject to the estate tax, not by reversing the cases which denied retroactivity to the 1931 amendment, but by reversing *May v. Heiner*! The effect of a reversal is that the case reversed "just never was the law, nohow." The amendment, it may now be assumed, was no more than a statutory expression of then-existing "common" law.

Effect on Current Planning

In our search for sunshine, we can only note that in *current* planning the *May v. Heiner* doctrine has had no part in any way, since for the past 18 years it has been the statutory law of the land that trusts reserving income to the maker are subject to tax in the maker's estate; and irrevocable trusts which have had estate tax savings as any part of their purpose have been planned accordingly. So, we deplore the reversal of *May v. Heiner*; but we plan under the statute.

The *Spiegel* decision was less of a shock. To some, there appeared to be a certain inevitability to it.

The shooting began with *Helvering v. Hallock*, back in 1940, which held that where the maker of a trust expressly

provided that upon the happening of a certain contingency (such as death of the income beneficiary) the principal should be paid back to him, then, even though the contingency might be far from happening, the trust property nevertheless should be included in his taxable estate upon his death. This touched off a chain reaction of decisions and regulations which explored eventually into the territory of *remote* reversions, not explicit but by "operation of law"—as where trust property might come back to the maker, under intestacy statutes, because it had nowhere else to go.

Such was the case in *Spiegel's* trust. Made in 1920, it provided that income be paid to his three children during his life; if they died before he did, then the income was to be paid to their children. Upon *Spiegel's* death, the principal was to be distributed among the income beneficiaries. But it was assumed that *Spiegel* would die before his children and grandchildren; no provision was made for disposal of the principal in case the reverse occurred. The assumption proved correct: *Spiegel* died in 1940 survived by his three children, with three grandchildren to spare.

The trust fund was worth \$1-million; the dollar value of the possibility, at the time of *Spiegel's* death, that he would survive his children and grandchildren was measured at \$70. The Bureau of Internal Revenue claimed that by the laws of the state of *Spiegel's* residence the principal of the trust would have reverted to *Spiegel* had he survived his descendants, and taxed the \$70 "bet" at \$450,000.

The Supreme Court upheld the Bureau.

Change in Law Is Possible

There may be a change in the law. In the 1948 Revenue Revision Bill that came up too close to the end of the 80th Congress for enactment was a provision for taxing possibilities of reversion at their *real* value at time of death, actuarially computed.

If *Spiegel* were not bad enough, the Tax Court has just come through with another—*Estate of Tremaine*—where the *reductio ad absurdum* of *Spiegel* is carried several degrees further. In *Tremaine* the grantor would have had to survive five step-children (all married) 11 step-grandchildren (three were married) and two step-great grandchildren (and the issue of any of the foregoing who might predecease her) before the trust property could come back to her. Citing *Spiegel*, the Tax Court ruled that a possibility of reverter by operation of law existed, and taxed the entire trust.

Meanwhile—pending statutory relief—what to do?

Wherever circumstances strongly indicate the desirability of an irrevocable trust, go ahead with it. But designate the estate of the last specifically-named-or-described remainderman to die as the ultimate remainderman; and stipulate that in no event shall the grantor be considered as one of the heirs of that remainderman. Or a self-perpetuating charity might be named as the very ultimate recipient.

All Kinds of Bank Letters

A GREAT variety of reading matter is available to the American businessman free of charge at his bank, to judge by an examination of about four dozen bank letters issued by commercial and savings banks and trust companies in various parts of the country. Just how many banks issue this form of literature only a census would reveal. Bank letters vary greatly in content and quality, ranging in coverage from national to purely local topics. Some are clearly the work of special research departments maintained by the issuing institutions for the better conduct of their banking business. At the other extreme are syndicated bank letters issued in different cities by non-competing institutions.

Most commercial bank letters are issued on a monthly basis. Some are weekly publications; a few, quarterly; and still fewer, annual. Of 52 different letters on which the writer has information, 37 appear to be published monthly, five weekly, five quarterly, two annually, two irregularly and one bi-monthly. It is not always clear from the letter itself how often it is published.

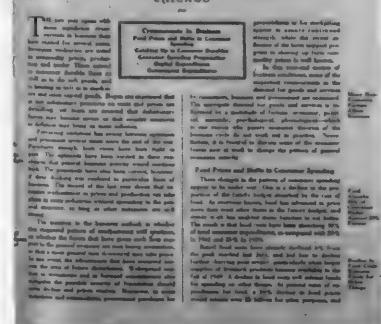
Of the syndicated bank letters, the

Some letters use only type and charts

Business Comment



THE NORTHERN TRUST COMPANY
CHICAGO



one which seems to have the largest circulation appears weekly. The others I have seen are published monthly.

Several banks issue more than one kind of letter. The First National Bank of Minneapolis distributes five different letters, at least four of which are prepared for the bank by outside organizations. Two of the five are general in content, namely *Trends*, a national newsletter, and *Results from Research*. The other three letters, issued by the bank's sales finance division, are: *Remodeling and Home Improvements*, *What's Ahead in Household Appliances*, and *Automotive News Letter*.

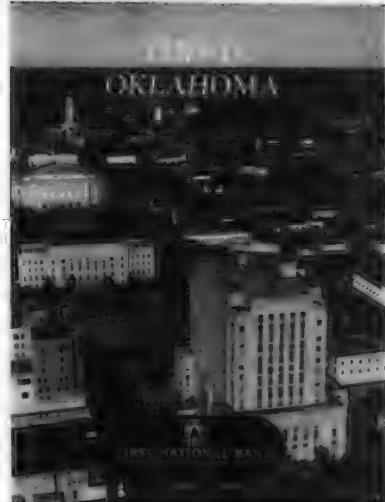
For South America

The First National Bank of Boston publishes three letters, all prepared by its staff. Its *New England Letter* is monthly. *New England Trends* is quarterly. On behalf of its Buenos Aires branch the bank publishes monthly in Boston *The Situation in Argentina*.

In New York the Chase National Bank has three publications for its clients and correspondents, and any others interested. It has a monthly, *Financial Highlights*; a separate monthly information service for American exporters; and an irregular publication called *Business Developments*. Similarly, the National City Bank of New York, in addition to its famous letter, publishes a monthly for foreign traders.

The *Monthly Letter* of the National City Bank of New York runs to about 180,000 copies a month, including 2,500 in Portuguese for circulation in Brazil and about 6,000 in Spanish for distribution elsewhere in South and Central America. More than 10,000 copies go to schools each month, in addition to 2,500 which are sent to individual students. About 12,000 are distributed by correspondent banks under their own imprint.

In Philadelphia the Land Title Bank and Trust Company distributes three letters, two being syndicated. The third is the *Real Estate News Letter*. The Girard Trust Company in the same city also goes in for a special-



Some letters are illustrated

ized letter, *Taxes in the State*, in addition to its *Fiduciary News*.

Among other examples of banks issuing more than one periodic publication are the People's Savings Bank of Evansville, Indiana, the Liberty National Bank and Trust Company of Louisville, Kentucky, the Guaranty Trust Company of New York, and the Valley National Bank of Phoenix, Arizona.

In the large majority of bank letters the content is general or national in scope. Often international subjects are discussed. Some of the letters, however, feature regional, state, or local subjects, although the bank letter devoted entirely to local community matters is the exception. Of bank letters specializing in local, state, and regional topics, interesting examples are the First National Bank of Oklahoma City's *This Is Oklahoma*, an attractive 4-page publication using colored photographs. The Wells Fargo Bank and Union Trust Company of San Francisco does a good job in its 4-page letter, *The Business Outlook*, the content being devoted to state and local developments. In San Diego the bimonthly *Union Title Trust Topics* discusses only local matters.

Arizona Progress, prepared and published by the Valley National Bank through its 27 offices in the state, is a monthly compilation of Arizona trends and statistics and as such has attracted widespread attention, not only in the Southwest but, as well, in banking circles throughout the country. An idea of its content as exemplified by a recent number: Page 1 carries a discussion of current developments and a

(CONTINUED ON PAGE 122)

METHODS and IDEAS

This department is edited by JOHN L. COOLEY of BANKING's staff.

Welcome to Houston!

WHEN you get off a plane at Houston airport someone hands you the latest edition of the morning or afternoon paper, presented with the compliments of the FIRST NATIONAL BANK.

Your attention is attracted not so much perhaps by the headlines as by a printed leaf that's attached to Page 1. It bears a welcome message and an invitation to call at the bank for any information you may need about Houston. Turn the sheet over, and there's a neat compilation of facts concerning the city.

This unusual promotion piece originated in the FIRST's new business department, directed by John L. Andrew. Distribution of the newspaper and attached leaf was arranged through the dispatcher of the only public transportation system between the airport and the city. The company gets a plug in the headline in return.

Although everyone arriving by plane gets a paper, the promotion is directed particularly at businessmen and industrialists. (See illustration below.)

This is the bank's greeting to Houston's airborne visitors

Your AIRWAYS LIMOUSINE
...welcomes you to AMERICA'S fastest growing city...

...and FIRST NATIONAL BANK
welcomes your inquiries about
amazing Houston

Whatever your business in Houston, if you need information, call first on First National.

Are you looking for a location for your new business or industry? Do you need data on resources, raw materials, utilities, transportation, potential markets? Are you considering Houston as a site for a branch office or as headquarters for expansion into Latin America?

First National Bank can furnish you with the detailed information you need for a mature consideration of your plans. Drop by and see us while you're in Houston — we're conveniently located in the heart of town. Or send us a confidential inquiry, specifying the facts you want; it will be a pleasure to send them to you posthaste.



FIRST NATIONAL BANK

in Houston

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



There's been a boom for
100 years - in HOUSTON

paign, and given suggestions on how to sell the check wallets. A 50-cent bonus was offered for each new account, with weekly prizes of cash for the leading contender.

Weekly bulletins, posted in each office, showed the progress of the selling. Periodic staff meetings also helped maintain interest. Advertising, lobby and car cards, statement folders, telephone calls, and occasional bulletins contributed to a well-rounded program.

At the end of the 60 days, 11,264 personalized checking accounts had been sold and the employees had pocketed approximately \$5,000 in bonuses. The number of customers using this type of check rose from 13.14 percent to 25.50 percent of the system's total, a rise of 12.39 percent.

The Exchange Place office in Salt Lake City took top honors, with a 27.6 percent increase in the number of accounts sold.

Community Boosting

The LEE COUNTY BANK of Fort Myers, Florida, has been publishing a series of newspaper advertisements that set forth the agricultural assets of the region.

County Agent Carl Heuck and Assistant Cashier Joe Ansley work together in setting up pictures and preparing copy for the advertising which has featured, among other items, the county's cattle, gladioli, citrus fruits, potatoes, and other crops. The plan is to continue the ads until all phases of the region's agriculture have been publicized.

The copy in each tells about the crop under discussion: how it is planted and tended, its acreage in the county, production volume, marketing, etc.

John H. Fears, president of the bank, has this to say: "We recognize the great importance of agriculture to Lee County, and we want to do all we can to focus attention on it. For years we have done business with Lee farmers, and we have given and will continue to give them full cooperation in their work to produce some of the finest crops in the world."

"Pioneering on Peachtree"

The BANK OF GEORGIA, Atlanta, is sending to a selected list of business and professional men and women a series of special mailings to inform them of its activities.

The first piece was a little booklet, "Pioneering on Peachtree," which brought the reader up to date on banking services which the bank introduced in Atlanta, starting 38 years ago. Each service was illustrated with a "before and after" cartoon drawing, and each was described briefly.

In a letter accompanying the first mailing the bank said:

"And here's the reason we want to keep you up to date—we mean to go on pioneering! The people of this community have done a lot for us. We want to show our appreciation by constantly working to make banking for them easier, more pleasant—in fact, to bring them all the banking services they want."

Employee Relations

The EAST RIVER SAVINGS BANK in New York displayed in its lower Broadway office 10 original oil paintings depicting the story of employee relations at Avondale Mills, Alabama. Cotton is an important industry in the downtown section of New York, and many cotton mills have offices there.

George A. Smyth, assistant vice-president of the bank, learned about the Avondale employee program through the bank's cashing monthly profit-sharing checks for the firm's sales force in Manhattan. The mills' 7,000 employees are partners in the enterprise, Mr. Smyth discovered. They have a retirement income fund of more than \$5-million, 1,200 families own their own homes, and some 3,000 of the employees have more than \$1-million in cash savings. There are also a medical care program, group insurance, and three vacation camps.

An artist painted various phases of the Avondale philosophy as it is applied to the life of the mill workers. Weavers, spinners, and executives posed for the pictures.

The bank's outside windows called attention to the art exhibit inside and also showed some cotton fabrics woven by Avondale.

Other exhibits, featuring representative industries in the EAST RIVER'S neighborhood, are planned for the next several months as part of the bank's community relations program.

No Hot Weather Since '36



"The Bank of Georgia was the first bank in Atlanta to do anything about the weather," says "Pioneering on Peachtree"

A Public Relations Package

An idea that cropped up during a conversation with the police chief of a New England village is paying goodwill dividends to a bank.

A Yankee public relations man, R. J. Alden of Longmeadow, Massachusetts, near Springfield, was talking things over one afternoon with the town's head gendarme. Local affairs were thoroughly discussed, including the problems of the police department.

"You know," said Chief George A. Yarsley, Jr., rather wistfully, "I wish we had a way of telling people what we do and how they can help us do it better. Maybe a booklet or something . . ."

The P.R. man jumped. "George," he interrupted, "you've just said something!"

Alden roughed out the copy on the spot. The booklet would not only tell Long Meadowans all about their police

department's functions, but would give useful information on crime prevention and show the residents how they could help themselves. It would be a community relations vehicle and a morale booster for the police department, all in one package. Calling it "Guardians of Your Property and Welfare" would make it a natural for a bank to sponsor.

SPRINGFIELD NATIONAL BANK agreed to do so and 2,000 copies of the pamphlet were printed for distribution in Longmeadow where the bank has a branch. The text was completely factual and informative. An introduction, signed by the chief, pointed out that his department was a community service as well as a law enforcement agency: "the guardian of your property and welfare." What the police did in that role was explained, and there were suggestions for householders' cooperation in preventing crime and juvenile delinquency. On the front cover, under the title, was the state seal with "Longmeadow Police" printed in color. The back cover read: "Compliments of the Longmeadow Branch, Springfield National Bank."

A month later 200 recipients were asked whether they had kept the pamphlet and if they recalled the sponsor's name. The response to the first question was 98.5 percent Yes; 50.7 percent named the bank as the donor.

So numerous were the compliments that early last month SPRINGFIELD NATIONAL revised the little publication for use in the city—a process that involved only a few name changes—and circulated 53,000 copies. This time a dignified advertising message was printed on the third cover.

Owls, Banks, and Movies

The mutual savings banks of New (CONTINUED ON PAGE 114)

Donald Comer, left, chairman of Avondale Mills, and Assistant Vice-president Smyth of East River Savings Bank, inspect the paintings



The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

THE ability of the market to make progress in the face of factors which for the most part tended to restrict buying power continues to justify confidence in the firmness of the price structure. In April and May the Treasury should begin to pay back more than it is taking out, reversing what has taken place since January 1. Since the supply of bank eligible issues is limited, any renewed demand might raise prices rather sharply.

Again during February the market continued to absorb the longer and better yielding Government bonds. By March 3 the "bank" 2½'s 1972/67 had crossed 103, rising half a point during the period, while the 2¾ percent bonds 1965/60 were up nearly a quarter of a point. The balance of the bonds eligible for commercial bank purchases merely held firm, the shortest issues declining slightly as a reflection of the run-off of amortization. Both the "ineligible" Victory 2½ percent bonds 1972/67 and 2¼ percent bonds 1962/59 gained a quarter of a point, the former finally selling at 101 during the latter part of the period.

Federal Reserve Portfolio Changes

From January 26 to March 3 the total of Government securities held by the Federal Reserve banks declined only \$202-million, but the "over 5 year" maturity category declined \$384-million and the "1 to 5 year" maturities \$226-million. The shortest maturities ("to 1 year") increased \$408-million. The March 3 total of \$21,837,000,000 was nearly \$1½-billion lower than the peak of \$23,303,000,000 early last October, while the total of \$7,901,000,000 of the "over 5 year" bonds was \$1,356,000,000 below that of November 10 last year, when these longer issues accounted for nearly 48⅔ percent of the total held as compared with 36 percent on March 3. It seems quite probable that a further decline can be expected.

Reporting Member Banks

The decline in loans continued through February. Business loans were off \$159-million and consumer loans declined

\$60-million, bringing the decline in these two categories since December 29, 1948, to \$208-million and \$97-million respectively. While such a decline is seasonal, the action of the Federal Reserve Board in slightly relaxing the provisions of Regulation W was not only an indication that the business outlook was by no means clear but is the first definite reversal of former anti-inflationary policies.

Government security holdings for the reporting member banks declined nearly \$600-million between January 26 and February 23. Treasury bills were \$256-million less and notes and certificates were down \$487-million. Bond holdings increased \$146-million.

Credit Factors

Total Federal Reserve credit declined \$538-million from January 26 to March 2 and member bank reserve balances fell \$351-million as a result of the following changes:

	Change for the Period
<i>Decreased Reserve Balances</i>	
Federal Reserve U. S. Governments	-\$202 million
Loans, discounts and advances	-\$216 million
Other reserve bank credit	-\$120 million
Non-member & other balances	+\$110 million
 Total	 \$648 million
<i>Increased Reserve Balances</i>	
Gold stock	+\$ 22 million
Money in circulation	-\$ 4 million
Treasury cash	-\$ 13 million
Treasury deposits at Fed.	-\$258 million
 Total	 \$297 million

During March heavy income tax payments will swell the Treasury balance at the Federal Reserve banks, with the effect of constricting credit and probably causing a further decline in the amount of Governments held by commercial banks. Thereafter, as the Treasury balance flows back to the banks during April and May, easier money conditions should develop.

Treasury Refunding

The March 1 refunding of \$3,553,000,000 1⅛ percent certificates resulted in the issuance of \$2,921,000,000 of 1¼ percent certificates maturing March 1, 1950. The \$632-million turned in for cash payment is about 17¾ percent of the maturing issue but includes \$400-million of the 1⅛ percent certificates owned by the Federal Reserve and not ex-

changed. The exchange offer was well received by other holders of the maturing certificates, as the \$232-million for which cash was taken represents only about 6½ percent of the amount maturing.

Only \$1,055,000,000 1½ percent certificates mature on April 1, and there was no reason to expect any change in the 1-year 1¼ percent rate at that time. While the Treasury balance might be ample to retire the entire issue, no such action was anticipated. The Federal Reserve is said to hold less than \$100-million of the April certificates. The roll-over was expected to be routine.

No change was made in the total of Treasury bills outstanding from the end of January to March 10, and the rate remained barely above 1.16 percent. On March 17 \$1,100,000 bills matured and \$200-million were paid off, and \$1-billion matures for each of the three succeeding weeks. These totals may be reduced by \$100-million a week.

When the ¾ percent rate for Treasury bills was unpegged in July 1947, the Federal Reserve banks owned about 90 percent of the \$14½-billion of bills then outstanding. Today the Federal owns only 43 percent of the current \$12-billion total. The rise in the rate to the present 1.16 percent has attracted investment not only from banks but to an even greater extent from industrial corporations as a satisfactory medium for idle funds. Since 1947 all investors other than the banking system have increased their ownership of bills from about \$1-billion to about \$5-billion. Bills are now generally recognized as "an important money market investment instrument," for all classes of investors.

"Redistribution of the Debt"

Redistribution of the debt was recently emphasized by the Secretary of the Treasury in announcing the Savings Bond "Opportunity Bond Drive" to take place from mid-May through June 30, with a goal of over \$1-billion. The drive is to be for the purpose of distributing "the debt as widely as possible" in order to secure "a better balanced ownership and a less volatile debt."

Wide distribution of the debt is obviously desirable in order to develop and strengthen public interest in the maintenance of sound credit policies, especially insistence upon balanced governmental budgets. Transfer of Government securities from the banking system to private ownership has the result of reducing the money supply and hence is clearly desirable during periods of inflation. That considerable progress has been made in accomplishing that objective can be noted from the following comparison. The figures given are in percentages of the total amount of securities outstanding. February 1946 was the debt peak at the conclusion of war financing.

Owned By	Feb. 1946	Nov. 1948
Commercial banks.....	33½%	24¾%
Federal Reserve banks..	8 %	9½%
Individuals.....	23 %	26½%
Insurance companies & savings banks.....	13 %	13 %
Other corporations, states, municipalities.....	12½%	11½%
U. S. Gov't agencies & trust funds.....	10 %	14¾%
Total securities outstanding.....	\$279,800 million	\$252,600 million

Debt ownership by the banking system (commercial
(CONTINUED ON PAGE 110)

Other Securities

H. EUGENE DICKHUTH

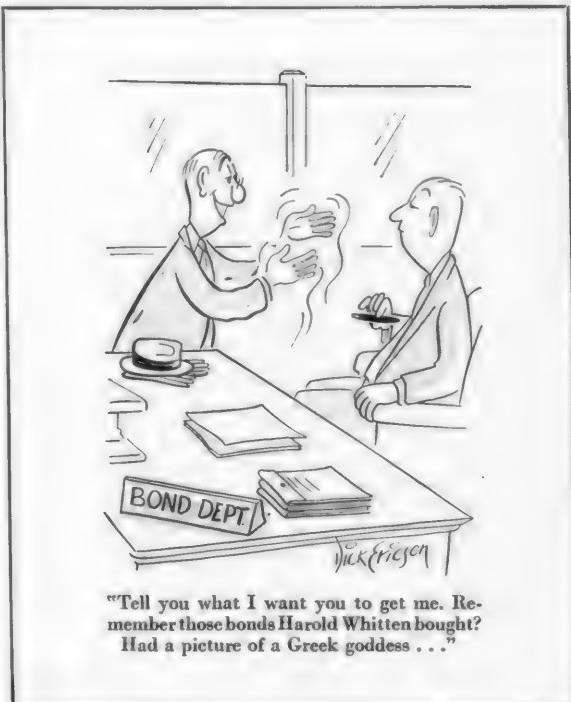
The author is a financial writer on the New York Herald Tribune.

BONDS of the International Bank for Reconstruction and Development have been in good demand recently and have been accumulated by some trust companies and commercial banks. Prices for World Bank bonds, while showing some strength because of the limited supply, have moved upward, but yields are still regarded as satisfactory for most institutional investors. Trading quarters report now a much greater interest in these securities than at any other time since their issuance.

Justly or otherwise, the belief is strong in the investment markets that nothing would improve the sentiment in financial quarters more than a reduction of margin requirements. Indeed, since liberalization of Regulation W by the Federal Reserve Board, Wall Street considers it "in the bag" that present 75 percent margins will be reduced to 50 percent.

The argument is that some of the penalties of securities trading would be removed and thus have a beneficial influence on all segments of the investment markets, which must be regarded as a whole rather than as separate units. It would seem doubtful, however, whether a change of margin requirements alone, without a better outlook domestically or internationally, would provide the necessary psychological uplift.

The new issue calendars move along in their usual pattern
(CONTINUED ON PAGE 109)





At a working session of the Agricultural Commission. Clockwise, starting right foreground, Messrs. Hart, Stebbins, Trefz, McGeoy, Thomson, Chapman, Campbell, Jesness, Tapp, Hunter, Crocker, Christensen, Heming, Mevis, Marett, Zorn, and Swezey

An Expanding Farm Aid Program

IMPLEMENTATION of the 10-point program of the Agricultural Commission of the American Bankers Association depends very largely upon county key bankers, said Charles T. O'Neill, Commission chairman, at the conclusion of a two-day executive meeting in Kansas City last month. Bank outside farm programs and farm credit and general agricultural schools for bankers were also recognized by Mr. O'Neill, speaking for the Commission, as indispensable media for translating into action the A.B.A.'s program of making more and better bank services available to a larger group of farm customers.

"No matter what program the Commission is working on, it is the responsibility of the county key banker to implement the work at the local level," said Chairman O'Neill.

The 10 committees of the Agricultural Commission charged with the supervision of its varied activities reported on their work and made recommendations, which were adopted, for the further expansion of the A.B.A.'s broad program of agricultural assistance.

Outside Farm Programs

During its sessions, the Commission's attention was focused on the need for each bank to be represented in its community by a member of its staff trained in agriculture. In presenting the recom-

mendations of the Committee on Outside Farm Programs, William C. Christensen, president, Commercial National Bank, Hillsboro, Oregon, pointed out that it is very important that the farm department of a bank be headed by the right man.

The Committee proposed that banks be encouraged to (a) enunciate their particular interest in the agricultural life of their communities; (b) where possible, to employ full time agriculturally trained men to head up their farm departments; and (c) when this is not feasible, to designate a bank officer or director, who, on a part time basis, would be responsible for keeping in close touch with agricultural developments in the community and the handling of farmer banking requirements.

These recommendations tied in closely with discussions of the need for farm credit schools to be sponsored by bankers associations in cooperation with state colleges, the development of more intensive information services from the national association and state bankers associations to assist in informing bankers as to agricultural trends, the outlook and marketing of farm products, and the trends in farm land prices. Another important subject receiving the attention of the Commission was the increasing number of banks using farm credit files and farm accounting. Much

of this work has been done by state colleges of agriculture with the cooperation of state bankers associations.

Farm Credit Schools

"It is just as desirable for the farming community to understand banking as it is for the banker to understand farm problems," Gordon C. Hunter, chairman of the Farm Credit School Committee, told the Commission. Mr. Hunter is executive vice-president of The Peoples Bank of Roxboro, North Carolina.

In recommending that the Agricultural Commission seek the cooperation of the colleges of agriculture and the agricultural committees of state bankers associations to the end that agricultural credit schools be set up in every state, Mr. Hunter said that bankers in 13 states are now cooperating with their state colleges of agriculture and conducting farm credit schools. In addition, three states hold conferences.

Key Bankers

"Banking's program of cooperation with agriculture requires a strong organization of county key bankers in every state if it is to be of prime effectiveness," said E. H. Mevis, chairman of the Committee on Key Bankers and 1000-Point Rating Program. He is executive vice-president, Farmers-Merchants National Bank, Princeton, Wis.



Agricultural Commission (continued), clockwise, Messrs. Garst, Summers, Patton, Savidge, Mrs. Edwina Kennedy (a Commission secretary), Messrs. Brown, O'Neill, Amy, Hart, Stebbins, Trefz, and McGeoy

In behalf of his committee, Mr. Mevis presented a threefold recommendation affecting the work of the committee. He emphasized the importance of the publicity given by the A.B.A.'s News Bureau to the general interest shown by state bankers associations in the 1000-point program. Recommendations included these points: (1) That a study be made of the method of measuring the cooperation of state bankers associations in the 1000-point award project; (2) that a special study be made of the key banker situation to determine the degree of cooperation given to state bankers associations and to the Agricultural Commission on their requests for specific assistance; and (3) that the committee be authorized to proceed with a review and revision of *The County Key Banker*, a manual originally published in 1946, and to have it reissued for distribution to state bankers associations.

According to Mr. Mevis, there are now 48 agricultural committees of state associations; 2,875 county key bankers in 45 states; and in 1947-48, 43 states reached the 1000-point goal.

Farm Youth

The importance of the county key banker in the national educational program being carried on through the Agricultural Commission and the state associations was also stressed in a discussion of youth activities. Efforts are now being made to expand this work nationally so that the individual banks will contribute more extensively toward the leadership of youth groups.

To this end, the Committee on Youth

Activities, headed by Warren Garst, cashier, Home State Bank, Jefferson, Iowa, recommended that a study be made through the Extension Service of the agricultural college in each state of the degree of cooperation by banks with youth programs, and how such bank support can properly be enhanced.

It was also suggested to the Commission that more tangible support be given to young farmers' organizations which are being organized in every section of the country for social and business development, especially among young farmer-service men and their families.

The Commission was authorized to proceed with the preparation of a manual on farm youth activities which will serve as a guide to banks wishing to initiate or broaden the scope of assistance programs to farm youth groups.

Outlook and Marketing

The Agricultural Outlook and Marketing Committee emphasized that outlook material developed by the state colleges of agriculture should be published by the agricultural committees of the state bankers associations at least once a year; also that state association agricultural committees be asked to make an enunciation of their credit principles. Burr S. Swezey, president, Lafayette National Bank, LaFayette, Indiana, heads this committee.

Forestry Loans

Referring to a request made of the Agricultural Commission by the Mississippi Bankers Association and the Florida Bankers Association that an

effort be made to secure amendment by Congress to Section 24 of the Federal Reserve Act, W. W. Campbell, chairman of the Committee on Soil Conservation, recommended that the whole matter be studied by the Commission.

Mr. Campbell, who is president of the National Bank of Eastern Arkansas, Forrest City, also announced that "the Committee on Soil Conservation is working on a plan for financing all soil conservation practiced by banks."

GI Loans

The spokesman for World War II veterans was the Committee on GI Farm Loans. R. B. Patton, president, American Exchange Bank, Henryetta, Oklahoma, the committee's chairman, reaffirmed the committee position on the GI Bill of Rights. It was recommended that the Commission urge state bankers associations to point out to country bankers the importance of their familiarizing themselves with the financial needs of GI farmers in their communities, that they give cooperation to local extension GI committees, and that they consider ways and means of applying the benefits of the GI bill to solvent, eligible farmers.

Merchandising Farm Credit

Study of the farm financial statement developed in August 1939 and published by the A.B.A.'s Bank Management Commission was recommended by the Committee on Credit Files and Merchandising Farm Credit Services. The committee will bring this form (CONTINUED ON PAGE 95)

News for Country Bankers

Selling Services · Bank Operations · Legislation · Research · Better Farming

This selection of news dealing with various aspects of country bank management was compiled by MARY B. LEACH of BANKING's editorial staff.

Aids to Bookkeeper Efficiency

INCREASING operating efficiency is one of the principal objectives of present day banking. The bookkeeping department in every bank represents a challenge to the banker, for it is there that many opportunities for increased efficiency exist.

To aid the operating men of the smaller banks in making a thorough and comprehensive study of their bookkeeping departments, for the purpose of increasing efficiency, the Country Bank Operations Commission of the American Bankers Association recently completed a study, published in the form of a guide, which was mailed to each member bank in that group with total assets of less than \$7,500,000.

In order to determine the accuracy of the data contained in this study, test checks were made among a representative number of banks in this size group.

The banks that participated in the test check cooperated by keeping daily records of their bookkeepers over a four-week period. These records took into consideration such things as total posting time, time spent locating and correcting errors, ledger and statement sheets posted, debits and credits posted, etc. Supplemental information covered number of accounts in ledger, number of dormant accounts, dollar volume of debits and credits posted, and other data. From the test check it was found, for instance, that the actual posting time of each bookkeeper should be limited in most cases to not more than three or three and a half hours. When a longer posting period is used, bookkeeper efficiency tends to decrease proportionately.

The Commission believes there is no limit to the possible benefits of a study along these lines. For instance, the information obtained, in addition to pro-

viding efficiency data, permits segregation of ledger accounts on the basis of the actual work involved in keeping them. It aids in making decisions on increasing or decreasing bookkeeper personnel, streamlining operations, purchasing new equipment, promotions and salary, etc.

To provide a means of figuring the bookkeeper efficiency rating (which is a comparison of the work output with normal) it was necessary to establish the normal time required for the changing of each ledger or statement sheet and for the posting of each debit or credit. The survey disclosed that, although there were great variations, the figures of 15 seconds for sheet changing and two seconds for item posting were about average. These time figures were also confirmed by surveys made independently by some of the foremost equipment companies serving banking.

The survey provided the following average figures:

Average number of accounts reported in individual ledger.....	1,308
Average percentage of accounts in ledger affected daily by bookkeeper.....	26.6%
Average percentage of dormant accounts in individual ledger.....	6.8%
Average number of debits (including checks, float, service charges, etc.) per account which experienced activity.....	1.6

"Is it fresh? Madam, three hours ago that milk was grass."



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Average number of credits (including deposit tickets and other miscellaneous credits) per account which experienced activity.....	3
Average amount of credit posted....	\$549.81
Average amount of debit posted....	\$108.56
Average operating efficiency rating of individual bookkeepers.....	89.7%
Average percentage of total posting time reported by individual bookkeepers spent on locating and correcting errors	8.3%

To evaluate the possibilities of new methods and equipment, it is felt that it is first necessary to learn all possible about every detail of the bookkeeping department as it is presently operated. Decisions made on the basis of this knowledge pay dividends.

Copies of the study are available upon request.

When in Doubt, Reach for the Manual

THE Farm Real Estate Financing manual reviewed in BANKING last month is now off the press. The banks, we'll wager, will find it one of the most useful tools ever to be put in their hands by the Agricultural Commission and Country Bank Operations Commission of the American Bankers Association.

It is dressed up with scratch drawings and display type, charts, statistical analyses, sample operating forms, photographs, and land use maps. It is written in easy to read, nontechnical language. Its utility potential is legion. For example, it includes semiannual amortization schedules showing payments for \$1,000 of loan over 10-, 15-, and 20-year periods. In capsule quotes it tells how banks handle various farm mortgage loan procedures. When in doubt about procedures to follow in making farm real estate loans, bankers are sure to reach for the manual.

One of the biggest reasons why this manual is "likely to succeed" is that it, like so many of the other A. B. A. studies, represents a synthesis of the down-to-earth experience of country bankers from coast-to-coast.

A copy has been sent to each member bank. Additional copies may be had at a nominal charge.

Bank Becomes Cornell Lab

IT has become more or less of a commonplace thing for a grade or high school class in finance to visit a bank to get a behind-the-scenes view of banking operations. It was news, however, when the farm finance class of the college of agriculture, Cornell University, turned the National Bank and Trust Company of Norwich, New York, into a made-to-order laboratory for a class session.

Nicholas A. Jamba, vice-president and manager of the bank's agricultural credit department, took over Professor G. W. Hedlund's job when the group reached the bank and out of his long experience gave them a thorough grounding in their chosen theme, "A Model Agricultural Department of a Commercial Bank."

"The students observed first the activities within the bank," reports Mr. Jamba, "and the manner in which we discuss applications with borrowers, how we keep our credit files, etc., but principally the class was interested in our lending policy. Most of the students were primarily interested in discovering on what basis we determine whether a farmer is or is not eligible for credit. This part of the discussion lasted for several hours."

At the conclusion of the lecture periods, students asked many questions on the work of the bank.

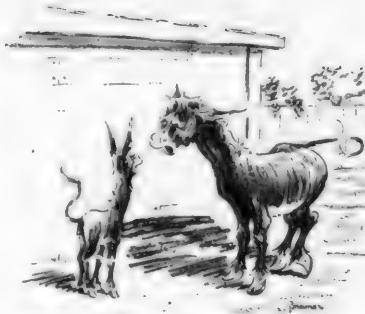
Formerly Mr. Jamba has gone to Cornell to give this instruction; however, he feels that the class received much more of interest by an on-the-spot laboratory session. This class will hold a session at the bank again next year, unless its size makes it necessary for Mr. Jamba to go to Ithaca.

National Bank and Trust's agricultural department is staffed by four full-time men, one of whom devotes his entire time to farmers outside of the bank. The other three divide their time about equally between inside and outside work.

"Overalls Party" Big Hit

IMAGINE walking into a staid and decorous bank and finding its entire personnel garbed in overalls and work shirts instead of the usual business attire! That's what takes place in Cannon Falls, Minnesota, each year early in December when the annual "Overalls Party" is held for the benefit of farmers.

"It's one of the finest goodwill builders ever attempted in this village," de-



"But you're even better than ordinary ponies
—you're synthetic, like plastics"

clares President Arthur T. Scriver of the First National Bank.

Mr. Scriver was president of the Cannon Falls Commercial Club when it staged the "Overalls Party" in 1947. It turned out to be a gala event, with over 1,500 farmers being entertained at a smoker. J. A. Anderson, vice-president of the Security State Bank of Cannon Falls, was president in 1948 and helped put across the show last December. A feature of the "Overalls Party" was a kangaroo court which found guilty persons not wearing overalls and fined them from \$1 to \$2, with the fines being donated for Christmas seals.

The smoker was held in the high school gymnasium with a troupe of radio entertainers putting on a real show. Merchants and professional people from Cannon Falls, garbed in overalls, mingled with overalled farmers. It turned out to be a completely relaxed, highly enjoyable meeting. Banker Scriver says the smoker and overall days will continue to be a feature of pre-Christmas days in Cannon Falls.

"Overalls Party" has attracted national attention, having been featured in national publications as one of the truly fine methods of generating goodwill between merchants, bankers, and professional people of agricultural towns and the farmers themselves.

Open House Marks Anniversary

THE Citizens State Bank of El Dorado, Kansas, made the most of its newly enlarged and remodeled banking facilities by making them the feature attraction at its 50th anniversary open house.

In a full-page advertisement in the *El Dorado Times*, the bank invited El Doradoans and other Butler countians to come in and see for themselves what the bank had done, in confidence that they would approve.

Bearing out the thesis of the American Bankers Association's new public relations booklet entitled *There's News in Your Bank*, the *Times* carried two news stories and an editorial on the founding, development, and enlargement of the Citizens State Bank in the same issue as the ad. The news articles were illustrated with a picture of the bank's founder and before and after pictures of the bank.

Officers, directors, and employees were present at the open house to greet friends and customers. The guest list included several out-of-town bankers.

Vermont Credit Conference

NEW developments in agriculture, outlook for agriculture in Vermont, servicing of loans, and why some loans become distressed even under favorable economic conditions will be emphasized at the fourth annual Vermont Agricultural Credit Conference at the University of Vermont in Burlington on April 12 and 13.

This conference was arranged by Thurston Adams, head of the agricultural economics department of the College of Agriculture, in cooperation with the Vermont Bankers Association, Farm Credit Association, and the Federal Reserve Bank of Boston. Speakers include prominent bankers, insurance executives, poultrymen, agricultural agency representatives, feed dealers, and agricultural college authorities. P. R. Miller, acting dean and director of the College, was chosen session chairman.

Topics to be covered are as follows: Vermont's agricultural outlook, dairy herd improvement, dealer credit, artificial insemination, Veterans Administration program, "green gold," Vermont's poultry industry, farming that repays loans, opportunities to help young farmers, how we are helping build 4-H programs, agriculture and our national economy, helpful lending practices, and why some farmers are running behind and what to do about it.

The first day's sessions will be concluded with a banquet, at which L. Douglas Meredith, executive vice-president, National Life Insurance Company, Montpelier, will speak. L. A. Zehner, assistant vice-president, Federal Reserve Bank, Boston, will summarize the conference at its end.

Centennial Calendars

THIS year marks the 100th anniversary of Minnesota's receiving the status of a U. S. territory. To commemorate the centennial, the National

Bank of Commerce at Mankato distributed hundreds of beautiful centennial calendars to all the city and rural schools in Blue Earth County. Every room in the scores of schools now carries the calendar and the advertisement of the bank.

"Such a chance comes only once in a hundred years," said R. A. Christianson, vice-president and cashier, "so we took advantage of it. The calendars are more than a series of pretty pictures, however. On the back of each sheet is a list of important dates and a brief explanation of the events that made them important from a Minnesota standpoint. We feel that these calendars are valuable especially to history students in both the grade and high schools."

The illustrations on the calendar consist of paintings of historical sites such as Old Fort Snelling, the Falls of St. Anthony, the Government Mills at the Falls of St. Anthony, the Sibley House at Mendota, the hamlet of St. Paul, and the site at which the signing of the Treaty of Traverse des Sioux took place. Mr. Christianson feels that the calendars will be preserved as souvenirs of Minnesota's territorial centennial.

Bank-Built Purebred Herds

THE Guernsey breeding program initiated by the State Trust Company of Hendersonville, North Carolina, in 1940 and reported in a recent issue of *The Tarheel Banker*, has yielded abundant returns in goodwill for the bank and in heifer production for Henderson County farmers.

Realizing that diversified agriculture was the key to permanent prosperity, the bank adopted a long-range plan and commissioned G. D. White, county agent, and M. C. McNaughton, Guernsey breeder, to buy a pedigree bull. Quail Roost King Brilliant, son of an illustrious parent, was bought at auction for \$500. His progeny included more than 100 daughters, the majority of whom are owned by small farmers who are using them as foundation stock to build purebred herds. His most distinguished daughter sold for \$10,000 in 1946.

After King Brilliant met an untimely death, the bank bought for \$1,350 Quail Roost Noble Max, of the Quail Roost Maxim family, thus continuing the same line of breeding.

To further stimulate interest in dairying, the State Trust Company encouraged junior dairymen to enter their get

of Noble Max in "Get of Sire" class at the Western North Carolina Fair last fall. The bank rewarded each contestant with a check and congratulatory letter.

Interest shown by the State Trust Company in establishing this program, says *The Tarheel Banker*, is "paying off" in tangible results. "From a few scattered grade herds and three purebred herds, the county now has 40 purebred Guernsey herds and more than 200 breeders. The Grade A milk producers are rapidly increasing. The yearly income for the county from the sale of milk and milk products 10 years ago amounted to a few thousand dollars. Today the income from all sources of the dairy industry is estimated at \$1-million and is still growing."

New New York Manuals

THE committee on agriculture of the New York State Bankers Association has just released two newly revised booklets. One, *Agricultural Yardsticks*, is a long-time favorite with up-state bankers in farming communities, and the other, *Key Banker Manual*, is a revision of an older publication known as *Better Farmer-Banker Relations*, which has been out of print for several years.

Agricultural Yardsticks is a 14-page booklet, prepared by Dr. Van B. Hart, professor of farm management, New York State College of Agriculture. It analyzes the important business and efficiency factors that affect incomes on New York farms and is based on data supplied by the Extension Service.

The *Key Banker Manual* was prepared mainly for the use of the association's 54 key bankers in agricultural counties. It will provide key bankers with accurate and specific information concerning the objectives and programs of farm organizations, agencies, and groups that may exist in their counties and suggest ways in which they may

work with groups of farm people to promote better banker-farmer relations.

C. W. Thomas, vice-president, Tompkins County Trust Company, Trumansburg, is committee chairman.

Conservation Guide

THE Wisconsin Bankers Association has done a very simple, yet complete job of charting a soil conservation course for Wisconsin bankers in its new *Mr. Banker: Are You Safeguarding Your Capital Assets?*

This is a 12-page booklet, printed in two colors, and effectively illustrated. The booklet states the problem, tells why conservation pays, and what bankers can do about it. To assist banks in the building of interesting and convincing meetings, it lists suggested topics for talks on soil conservation, includes a sample invitation and reminder card, suggestions for conducting a meeting, attendance card, sample welcoming talk, and a dozen other suggested activities for the promotion of interest in conservation.

C. C. Frederick, cashier, Rio-Fall River Union Bank, Fall River, is chairman of WBA's agricultural committee. The subcommittee on soil conservation is headed by O. K. Johnson, executive vice-president, Whitefish Bay State Bank.

A companion piece is the Wisconsin State Soil Conservation Committee's *Why Should I Be Interested in Soil Conservation?* This booklet tells of the progress that has been made in Wisconsin since soil conservation practices were first initiated. Photographically it shows the right and wrong ways of doing things.

President Pays

IT'S a good public relations policy for officials of a bank to pay charge accounts personally in villages and small cities, asserts R. A. Bezoier, vice-president of the First National Bank of Rochester, Minnesota.

"When the first of the month rolls around," he explains, "I stroll around town paying my family's bills at various department or clothing stores, garages, etc. It gets me inside the door with a legitimate excuse to start a brief conversation with the proprietor or manager. Rochester is a town of about 35,000 population so that means the proprietor of a store may be present to help take care of customers. If I mailed my check, chances are he wouldn't know my family was giving him business since a clerk may have waited on Mrs. Bezoier."



No. 20 IN A SERIES OF FARM COMMUNITY BUILDER STORIES . . .

A KEY CONTACT TO AGRICULTURE is the PURINA DEALER

says C. E. Hastings, President,
First Trust and Savings Bank,
Paris, Tenn.



"OUR BANK IS ¾ AGRICULTURAL," says Banker Hastings. "And we have on our staff a thoroughly trained agriculturist, Mr. E. C. Presson, our bank's full-time Farm Contact man.

"But before Mr. Presson came, our bank had a *key contact man* in this community — Mr. L. W. Wilson of the Farmers Feed and Implement Company, our local Purina Dealer. More than 300 financing arrangements on dairy, hog and poultry operations were made in this trade area with Mr. Wilson's help."

This banker — Mr. Hastings, measured the character and the credit of the growers. This Purina Dealer — Mr. Wilson, helped select farmers for their livestock and poultry know-how, supervised their operations and calculated their needs. And today, this Dealer-Banker relationship continues to build more business for both, and more agricultural activity—and *income*—for the community.

OPPORTUNITIES IN YOUR COMMUNITY

There are new opportunities for community building in your town, too. Why not make it a point to talk over the livestock and poultry possibilities of your area with your Purina Dealer soon?

If you do not have a Purina Dealer in your town now, find out about the Purina Franchise as an opportunity for young men in your community. Purina Chows for livestock and poultry and Purina Sanitation Products are distributed from 32 strategically located plants and carry the Checkerboard label, rural America's best known trade-mark.

For more information on the Purina Franchise, write to Dept. C.

RALSTON PURINA COMPANY

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Consumer Credit Digest



CHARLES PHELPS CUSHING

The Consumer Debt Burden—How Large Is It?

A. ANTON FRIEDRICH

The author, a regular contributor to BANKING, is professor of economics at New York University and a member of The Graduate School of Banking faculty. He is also coauthor of several books on economics, and contributor on economic subjects to the Encyclopedia of Social Sciences.

CONSUMERS owe more money today than ever before, but also their ability to pay debt obligations is very great. Consequently, the consumer debt burden as compared with prewar years is of relatively modest proportions. This situation may, of course, change for the worse but to a serious extent only if the disposable consumer income declines to figures considerably lower than even the more pessimistic prophets are willing to predict.

For the purpose of this discussion, total consumer debt includes all consumer credit and all farm and nonfarm mortgage debt. According to the International Statistical Bureau, consumers owed in all \$57.1-billion at the end of 1948, a sum approximately one-half again as much as in 1929 and nearly double the prewar depression low of 1933. Moreover, in the three postwar years consumers increased their total outstandings by an average of approximately \$8.6-billion a year, an all time record rate of increase.

These debt totals will evoke differences of opinion. To some they will seem extremely high, and particularly so the rapid rate of increase in the three postwar years. On the other hand, some will point to the vast volume of goods and services which consumers have bought during this period. In this perspective, the increase in debt does not seem quite so forbidding. Perhaps as good a measure as any of the relative size of the consumer debt total is its ratio to the disposable income. Whether the debt is too high, whether it is an inflated total later to become a millstone around the financial necks of consumers depends largely upon the size of the income they will have with which to pay their obligations.

Seen in this light the postwar totals shrink considerably. The \$38-billion debt in 1929 was 46.4 percent of the dispos-

able income for that year whereas the \$57-billion total of 1948 was only 30 percent of total income at the disposal of consumers. As a matter of fact, the ratio of total consumer debt to disposable income was less in the three postwar years than in any peacetime year from 1929 to the outbreak of the war. Moreover the rate of increase measured in terms of percentages of disposable income was relatively small, amounting to slightly less than 3 percent a year.

Of course this picture could change radically as happened in 1933 when the debt ratio reached a high of 66 percent even with a drop in the dollar total of consumer debt of more than 25 percent; but the national income declined even more to approximately one-half of its 1929 total. Such an eventuality, however, is very unlikely at the present time. A 10 percent or 15 percent decline in national income would still leave the consumer debt ratio well below the best prewar period.

The following table, which presents the total consumer debt and its ratio to disposable national income for selected years from 1929 to the present, was compiled by the International Statistical Bureau.

End of Year	Total Debt	Consum. Credit	Mfge. Debt		Total as % of Dispos. Income
			Non-Farm	Farm	
1929	38.3	7.6	21.1	9.6	46.4
1933	29.5	3.9	17.9	7.7	65.3
1939	32.8	8.0	18.2	6.6	46.7
1940	34.7	9.1	19.1	6.5	45.8
1941	36.4	9.9	20.1	6.4	39.6
1942	32.4	6.5	19.9	6.0	27.9
1943	30.2	5.3	19.5	5.4	22.9
1944	30.2	5.7	19.5	5.0	20.7
1945	31.3	6.6	20.0	4.7	21.0
1946	39.3	10.1	24.4	4.8	24.7
1947	48.0	13.4	29.7	4.9	27.6
*1948	57.1	16.0	36.0	5.1	29.9

*Estimated.

Source: Department of Commerce, Federal Reserve Board, Department of Agriculture.

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Consumer Credit News

Well Scrambled Reactions Greet Regulation W Simplification

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

THE "relaxation" of the restrictions of Regulation W might, perhaps, more accurately be termed a "simplification" in that the new maximum instalment period of 21 months will now attach to every category controlled.

The changes may be stated simply. For automobiles, the one-third down-payment remains unchanged; the instalment period increases to 21 months (from 15-18 months). For all other items controlled, the down-payment is reduced from 20 percent to 15 percent; the time limit is extended to 21 months.

The changes decreed by the Federal Reserve Board came hard on the heels of the announcement that in January, for the first time postwar, the total instalment credit outstanding had fallen—by \$145-million, a not inconsequential figure.

"Odd" Inflation

The Administration is reported to have agreed to the relaxation. Officially, however, the Administration was still fighting inflation and clamoring for more and more controls to strengthen its attack. This led to the retort that "it's an odd sort of inflation that has to be fought by relaxing credit curbs."

There was some published opinion that the relaxation might have less effect upon business than upon the Administration's chances to gain new controls.

Business sentiment on the move seems thoroughly scrambled. Dealers in used cars, for instance, seem generally to feel that the changes might mean their salvation by bolstering a lagging market. Dealers in new cars, on the other hand, foresee no sales stimulus because the amount of monthly payment is too little changed to be a deciding factor for many prospective purchasers.

Appliance manufacturers and dealers seem to like the changes. Department stores, on the other hand, are barely lukewarm. They dislike long-term credits; and experience warns them that the public will demand maximum time limits.

On only one point is everyone in



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agreement: easier terms will postpone any lowering of prices.

The folks most affected are those who are now in the midst of instalment payments, for they now are allowed to refinance their unpaid balances for another full 21 months—provided, of course, the financer is amenable.

Some fear has been voiced that perhaps too many people will rush to take advantage of the more liberal terms by purchasing things they can ill afford. One newspaper sounded an editorial note of caution by resurrecting the old proverb, "There's nothing so hard to meet as an easy payment."

The Conference

The National Consumer and Instalment Credit Conference of the American Bankers Association at St. Louis on March 29, 30, 31 aroused keen interest and assumed increased importance through the recent relaxation of credit controls. The next issue of BANKING will contain digests of the principal speeches and a coverage of the principal points discussed.

Reducing Risk

Because of the many hazards peculiar to boats and boating equipment, instalment financing of such items has been looked upon with disfavor by many banks. Collections, sometimes, have been difficult when the equipment has been accidentally destroyed or stolen before the completion of instalment payments.

The Outboard Boating Club of America, realizing this, has put into operation a plan to insure such equipment throughout the life of the instalment contract. Banks, the club says, need no longer feel hesitant to make such loans since the banks will need consider only whether the purchaser is a good credit risk. Under the OBC plan, the dealer replaces equipment which has been destroyed or stolen.

The customer is never left in the position of having to pay for equipment he no longer has.

The plan is, at present, open only to sponsor (dealer) members of the Outboard Boating Club. Memberships are furnished free to dealers through out-

board boat and motor manufacturers who are sustaining members.

To operate under the plan, the dealer agrees that all of his time payment sales will be insured by OBC. The charge of 42 cents per \$100 of insurance per month (on the purchase price) is added to the total to be financed.

Coverage

The insurance covers fire, theft, protection against marine hazards, and against accidents while the boat or motor is being transported on land or is in storage. Any replacements of equipment are made by the dealer who made the original sale.

The club shows this example of a \$300 sale to be financed in 12 monthly payments:

Amount of sale	\$300.00
Insurance premium	15.12 (3 x 42¢ x 12)
Total	315.12
Down-payment	75.00 (to dealer from buyer)
Balance financed	240.12 (to dealer from bank)
Finance charges @ 6%	14.40
Total	\$254.52*

* Paid by purchaser in 12 monthly installments of \$21.21.

Insurable property includes outboard motors; boats of any kind which are capable of being used in conjunction with an outboard motor; fittings and other accessories permanently attached thereto, the value of which is included in the value of the outboard motor and/or boat; additional fittings and accessories not permanently attached to the motor or boat.

"If you won't give me any money, dear, how about arranging a small consumer loan?"



Uninsurable property includes trailers, fishing tackle, cameras, and other personal effects.

The maximum amount of insurance to any one instalment purchaser is \$5,000.

The insurance will cover "any loss of or damage to the property insured caused by adventures and perils of the seas and waters; fire or lightning, or both, howsoever caused; windstorm; theft of entire boat or outboard motor, or both; theft of boat or motor fittings and accessories insured, occurring simultaneously with theft of entire boat or motor respectively. Also while in transit on land, loss or damage caused by collision, derailment or overturn of conveyance in or on which the insure property is being transported." The policy covers even certain phases of liability.

The insurance does not, however, apply under certain conditions. Losses which occur during "any official race or test of speed" are not compensable. Any loss or damage arising from war, confiscation by a public authority, or use in illegal transportation or trade are outside the contract. Unless an extra premium has been paid for the privilege, damages arising out of renting of the equipment are not paid.

The OBC is publicizing its insurance program under the slogan "Protect Your Pleasure." Those interested may obtain full information direct from the Outboard Boating Club of America, 307 North Michigan Avenue, Chicago 1, Illinois.

Travel Credit

Braniff International Airways has put into effect a new plan which will allow a passenger to fly to the West Indies, Central or South America, or to any of 30 cities in the United States—and have an entire year to pay for the trip.

Special arrangements have been made with banks to handle the financial transactions in each city served by the airline. The passenger applies for the travel credit at any Braniff traffic office. The airline's travel representative then contacts the bank, which completes the necessary negotiations for the trip.

As the company explains it, the plan is for the many air travelers who like to fly "but can't comfortably plunk down a lump sum without disarraying their budget."

The credit privilege applies not only to regular trips but to special excursions and all-expense tours as well.

Buying Tactics Change

"Biggest share of the credit for the recent check to inflation belongs to



"O-o-o-oh, look—and my savings account has all but the first two numbers...."

John Public himself, for his change in buying tactics. It is a healthy change if not carried too far," says a study by the family economics bureau of Northwestern National Life Insurance Company.

The bureau asserts that six main factors in the 76 percent rise from pre-war price levels have now either slowed, halted, or actually gone into reverse. They are: (1) consumers suddenly quit trying to outbid each other for available things and forced prices to tumble; (2) meats and consumer goods have been in increasing production; (3) a slow-down in Government bidding for grain for Europe; (4) a slow-down in the long rise in wage-costs-per-unit of goods; (5) the slow-down in the rapid expansion in the money supply; (6) tightened restrictions on both business credit and consumer credit reduced the inflationary pressure of borrowings.

But, the study says, the first and foremost cause of the current price deflation has been the halt in John Public's frantic scramble for goods. By "trimming his demand to fit within available supplies" he has already recaptured some of his normal control over prices, through the rebirth of keen competition at various levels of our economy.

Boom to Headache

The used-car boom has turned into a used-car headache. So many dealers have sold so many new cars that their parking lots are full of trade-ins.

For some time, new cars were sold only to those buyers who had a car to trade. But the enormous production and sale of new cars during 1948 made a drastic change. Many dealers now will not take a car in trade. They insist that the prospective customer sell his own car.

The 1948 totals of new-car sales (at the factory) are astounding and are responsible, in part, for the used car situation. Final tabulations show sales

(CONTINUED ON PAGE 64)

- individual ledgers
- general ledgers
- daily financial statements
- regular, and FHA, mortgages
- loans and discounts
- payroll
- trust records

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Multiple-Duty
Accounting
Machine will
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• • • And it can be changed from one job to another in a matter of seconds! One form bar is merely removed and replaced with another. Because this machine has standard keyboards, it can be operated by anyone who can type and run an adding machine.

In a small bank, a single National Multiple-Duty Accounting Machine can be kept busy all day handling all seven of the jobs noted above. In a larger bank, separate machines can be assigned to handle any one, or more of them.

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machines to meet the needs of every department of every bank. Of the 100 largest banks in this country, 94 use Nationals.

A 64-page booklet describing the National line is available FREE from your local National representative. You will find it interesting—and most useful for reference when accounting problems arise.



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CASH REGISTERS • ADDING MACHINES

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

Consumer Credit News

(CONTINUED FROM PAGE 62)

of 5,285,425 units, the second highest in the industry's history, and exceeded only by 1929 when factory sales amounted to 5,358,420. Truck producers established an all-time record in 1948 with 1,363,856 units. Total output of passenger cars for the year reached 3,909,270; motor buses, 12,299.

While factory sales exceeded those of 1947 by 10 percent, exports decreased nearly 15 percent. Exports in 1948 accounted for only eight percent of total output.

So much for the record. What about prospects for 1949?

Manufacturers are no longer plagued by shortages in steel and other raw materials. Production goes on apace. The Ford Motor Company recently con-

firmed what has been said privately: "The present problem is not how many cars can be made but how many can be sold." In other words, if the buyers' market isn't already upon us, it is only around the corner.

Manufacturers in a position to concentrate on cheaper models will do just that in an effort to forestall price reductions. Among the really big companies, the ratio of higher-priced cars is receding. Emphasis on cheaper models is bringing the ratio into something more nearly approaching the prewar figures.

It all adds up to a return to so-called "normal business conditions."

Consumer Prices

The *Monthly Review* of the Federal Reserve Bank of Boston has something interesting to say. It follows:

"If unexpectedly large governmental expenditures do not produce a renewed

burst of inflation, the year 1949 should see a gradual decline in the average level of consumers' prices and a further narrowing of the extreme range between food prices at the top and rents at the bottom. So long as industrial production, employment, and consumers' incomes remain high, the adjustments will be small. If unemployment should rise markedly and if consumers' incomes should shrink appreciably, a more rapid price decline would follow.

"It is not to be expected that any new deflated price level will be the one which existed before the war. Even after more than 10 years of deflation from their post-World War I levels, consumers' prices during the middle thirties were almost 40 percent higher than those before World War I. We appear to have become oriented in a similar fashion to a level of consumers' prices higher than that of the late Thirties."

The Consumer Debt Burden

(CONTINUED FROM PAGE 60)

Over the past several years, the bank delinquency ratios as reported by the Consumer Credit Committee of the A.B.A. have shown very little variation and have remained at about the same average figures from month to month for all classes of consumer instalment loans. There are considerable differences in regional averages but these too have remained relatively constant. There have been no major fluctuations of the delinquency ratio nor has there been any significant trend.

An average ratio on a national basis does not, of course, conform to the delinquency experience of a particular bank or community, rather it reflects general conditions in the country as a whole. And since the war these conditions have been unusually favorable to prompt repayment of obligations on the part of consumers. In each postwar year, the disposable income has exceeded that of the year before.

The stability of the delinquency ratio is also partly a result of bank credit policies. To some extent, the delinquency ratio can be controlled by proper credit management. More careful screening of loan applications together with more vigorous collection efforts will offset worsening economic conditions. Conversely, easier credit policies will tend to keep the delinquency ratio relatively stable even though economic conditions are improving. To this extent, there-

fore, changing economic circumstances are reflected not so much in the delinquency ratio itself but rather in the higher or lower acquisition and collection costs.

The delinquency ratios have little predictive value, partly because they cannot be assembled in time and partly because they are controlled by managerial policies. They are, however, a norm of experience against which individual bank managements may measure their own performance. This does not mean that the national average is an ideal figure. The delinquency ratio of the individual bank may deviate above or below the national or regional average and quite justifiably in the light of its own experience and the circumstances peculiar to it and to the community which it serves. The national averages, however, do represent a kind of consensus of judgment on the part of consumer credit managers and as such merit careful attention.

For some time now bankers have reported that there has been a slight slowing up of payments by consumer borrowers. This has not as yet shown up in the delinquency ratios perhaps largely because there has also been a tendency for bankers to stiffen their credit standards and to step up their collection efforts. If unemployment should become general and if a recession should develop rapidly, it is likely that there would be a rise in the delinquency ratios. If, however, 1949 should develop a gradual and modest recession, the delinquency ratio should remain relatively stable. Acquisition and collection costs, however, are likely to increase.

	30 TO 59 DAYS DELINQUENT			60 TO 89 DAYS DELINQUENT			90 DAYS AND OVER			TOTAL DELINQUENCY		
	Jan. '49	Dec. '48	Jan. '48	Jan. '49	Dec. '48	Jan. '48	Jan. '49	Dec. '48	Jan. '48	Jan. '49	Dec. '48	Jan. '48
PERSONAL LOANS.....	.953	.857	.932	.511	.535	.552	.587	.549	.631	2.051	1.941	2.115
HOME APPLIANCES.....	1.324	1.412	1.106	.582	.552	1.624	.559	.579	.590	2.465	2.543	3.320
AUTO—DIRECT.....	.780	.735	.944	.570	.390	.547	.492	.520	.592	1.842	1.645	2.083
AUTO—INDIRECT.....	1.358	.992	1.261	.549	.272	.686	.249	.201	.882	2.156	1.465	2.829
FHA—TITLE I.....	1.295	1.208	1.094	.700	.821	.761	.945	.846	1.070	2.940	2.875	2.925
MODERNIZATION.....	1.540	1.457	1.538	.881	.913	.510	.902	.727	.686	3.323	3.097	2.734

• • • • CHRISTMAS CLUB PIONEERS • • •

28 YEARS AGO

A PIONEER

IN THE

CHRISTMAS CLUB FIELD

ROOSEVELT SAVINGS BANK

Brooklyn, N.Y.

Back in 1921, when Roosevelt Savings Bank first started a Christmas Club, the assets of the bank were approximately \$15,500,000. As of January 1st, 1949, the total assets of this progressive institution exceeded \$132,000,000 and from 1921 to date, this bank has paid to more than 450,500 Christmas Club members over \$20,900,000.

It takes sound administration and planning to achieve such an enviable record, but like so many other financial institutions, Roosevelt Savings Bank gives Christmas Club credit for its share in this progress. According to the management: "Christmas Club is one of the best methods of consistent savings that can be used by any progressive banking institution."

Men of financial vision are quick to see that Christmas Club is not only a vast training school for thrift, but that it is also a powerful builder of new business for banks and institutions. For when Christmas Club members come to your institution week after week to make deposits, they think of it as their financial headquarters and become prospects for the many other services you offer—Banks that have Christmas Club are Banks that grow.



ADAM SCHNEIDER, JR.
President
ROOSEVELT SAVINGS BANK
Brooklyn, N.Y.



Christmas Club

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BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

The Traffic Problem

(CONTINUED FROM PAGE 41)

tioned the added convenience of picking up payrolls, and the added safety of doing it without leaving the car.

Indicating the growing popularity of drive-in service, our reports show that only three of the 60 installations were established in 1937-38, 19 between 1940-44, and 41 opened since 1947, with 25 of them last year and seven since January 1949. BANKING's first country-wide study of bank remodeling and new building plans listed some 91 banks then planning to add drive-in facilities. The total in operation at present is probably 500 or more, and there is every indication that this service is destined for rapid growth and development.

SOME 47 of the 60 reporting drive-in banks operate one-window units; 10 operate two windows; three have a battery of three windows, and one institution operates a series of four units. Since most of the banks adapted the service to existing banking quarters, and were thus handicapped by various limitations of available space, driveway accommodations, and other factors, the number of one-window units is not necessarily an indication of choice. Several of these banks reported need for additional facilities, and cautioned that when setting up the service it is well to allow for future expansion if possible.

All normal teller services are offered through the drive-in facilities by 36 of the reporting banks, and this includes paying and receiving, savings deposits, instalment payments, change making, and payrolls. Quite a number of banks

limit their service to commercial account transactions, deposits and check cashing, or for special deposits and payrolls. The reason for this is again, in many cases, an internal problem or a desire to limit traffic at the drive-in department. A number of banks mentioned that any and all banking services were offered through their facility, but the more unusual ones required advance notice from the customer, as, for instance, on payrolls customers were obliged to make their needs known an hour or more in advance. It is particularly interesting to note that a number of drive-in windows accept instalment and commercial loan payments.

One factor which tends also to control the amount of service available through the drive-in unit is the number of cars which can be accommodated at any one time. The average unit, according to these 60 banks, will handle five or less cars. On a one-window proposition, this seems to give the end man reasonably quick service.

Only six out of the 60 banks reported any variation of service for drive-in patrons beyond the regular or normal banking hours, which in most cases run from 9 or 9:30 A.M. to 2 or 3 P.M. daily, and 9 A.M. to 12 noon Saturdays.

The State Savings Bank of Council Bluffs, Iowa, operating two windows and accommodating 15 cars at one time, offers drive-in service from 9:20 A.M. to 4 P.M. The National Bank of Detroit, with one window serving an average 150 drive-in patrons daily, offers late Friday hours from 10 A.M. to 6 P.M.—three hours beyond the normal daily closing. The drive-in Quonset branch of the Michigan National Bank at Lansing, serving a daily 75 average, runs from 9:30 A.M. to 4:30 P.M. daily.

The one institution which makes a big point of its special drive-in service hours is the Rutherford (New Jersey) Trust Company, which offers two extra banking hours daily from 7:45 A.M. to 2 P.M. and from 5 P.M. to 7 P.M. Monday through Friday. This unit serves an average of 250 customers daily, and appeals primarily to commuters.

Queried about peak loads on drive-in facilities, only eight of the 60 banks report little if any difficulty with this problem. The majority indicate that peak traffic coincides with the normal peak loads experienced in regular banking activity, most generally at noon or immediately before closing, on Saturday mornings, and paydays. A considerable number of banks report that the only additional factor tending to influence peak loads on drive-in windows is weather conditions; inclement weather generally stimulates activity.

It is interesting to note that only eight of the 60 banks report difficulty with overloads, and these appear to occur on Saturday mornings, paydays, and prior to closing periods, in advance of holidays, or particularly nasty weather. The fact that so few are bothered by this problem speaks well for the success of drive-ins in meeting the traffic problem, and eliminating to some extent the normal burden on interior lobby congestion.

There is little to be drawn from the average drive-in activity reported by this group of 60 banks; it varies too widely from as few as 25 patrons to well over 600 daily. A drive-in branch of the First Security Bank of Idaho reports as much as 35 percent of its daily transactions are handled through the drive-in facility. The new Five Points office of

Left to right: Drive-in unit of the Union National Bank, Wichita, Kansas. The customer places his deposit in a cylinder-like trapdoor controlled by the teller. A lever under the counter ledge closes the outside door and makes the deposit available to the teller. *Center,* drive-in at the Security National Bank, Sheboygan, Wisconsin. Activity varies between 80 and 150 customers. *At right,* A Bank of California drive-in which was installed early this year at the rear of the main office. It is the first in metropolitan San Francisco



the South Carolina National Bank handles a quarter of its daily business through two drive-in windows.

Commenting on activity, the Security National Bank of Sheboygan, Wisconsin, says: "We have served as many as 120 customers in two and a half hours on a Saturday morning and up to 150 during a full business day. Should the demand continue to increase, we are prepared to install another window, which incidentally would also serve savings account customers."

It is especially significant that 46 of the reporting banks indicate that drive-in activity is increasing steadily, while only 12 report their daily average has reached a static point. Not one of the 60 banks reports a decrease of activity.

The majority of banks attribute the steady increase of drive-in patronage to the simple fact that more and more customers are persuaded to try the service, and find it fills a need. Faster service and convenience were mentioned most frequently as contributing factors; and, of course, the inevitable parking and traffic problems.

Twenty-nine of the 60 drive-in banks limit service exclusively to motorists, while 30 indicate the practice of serving pedestrians as well, although in most instances this traffic is not encouraged.

THERE appears to be little difficulty, however, in regulating or altogether discouraging pedestrian traffic at the drive-in window. Introductory literature and lobby signs can easily clarify that the traffic is restricted. The same point can be made in all advertising and promotion. Several banks report that pedestrians are tactfully requested to use the main lobby facilities whenever they approach the drive-in window. A number, like the National Shawmut Bank of Boston which operates five drive-in branches, fill the pedestrians' first request but gently suggest it is done against the rules and would be kindly use the regular facilities in the future. Not one of the reporting banks reports any knotty problems in this connection. It evidently is a matter of adopting a definite policy for or against service to pedestrians and following through, adjusting wherever the need arises.

Because of the strong appeal of drive-in facilities to large commercial customers, it might be expected that our reporting banks would show an overwhelming percentage of transactions averaging larger than normal lobby transactions. The contrary, however, is true. Some 40 banks report drive-in

business averages about the same as normal operations. This would indicate that the majority of drive-ins attract sufficient individual business to counterbalance any heavy use by commercial patrons. It also suggests that the little fellow finds the service especially helpful to his needs. So many of the reporting banks serve residential areas, commuter traffic, and widely diversified community activity, that we may see here a good indication of its breadth of appeal.

Some 17 banks report that drive-in transactions average larger than normal. These are found to serve concentrated industrial, business, financial, or other specialized districts. Several of these limit service to commercial customers.

Only three banks among the whole group report that drive-in business averages smaller than normal.

Some banks report special briefing of their drive-in crews on handling the motor customer. Of the group of 60 reports, 23 rotate tellers, 37 do not. In some cases, rotation is a matter of temporary relief for lunch hours and rest periods. Some banks feel it advisable to rotate the staff for the experience value, or in line with a regular policy of rotating the staff on all teller service. A few of the reports indicate that the best man or men were picked for the permanent jobs after giving everyone a whirl at it.

Asked whether tellers like drive-in duty, 53 banks reported yes, six did not

The drive-in (or ride-in) of the State National Bank of Decatur, Alabama, transacts some business with J. G. Finley, 90-year-old retired farmer, whose favorite means of travel is his horse "Honey Boy"

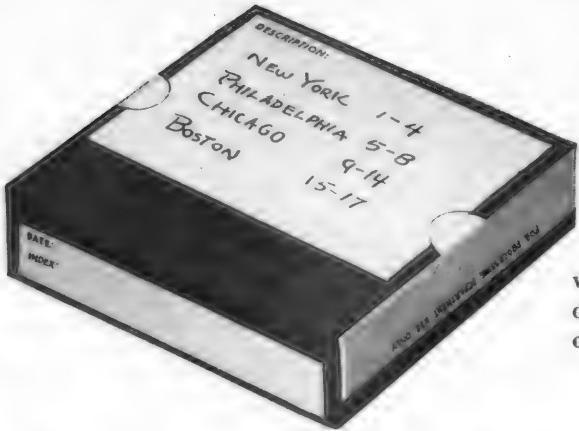


answer, and one indicated that some do and some don't. The compactness of the drive-in unit, the comfort of air conditioning and draftproofing, the responsibility of the job and novelty of service, the special safety factors, and the fact that drive-in activity is generally less strenuous than lobby duty, all tend to favor this popular vote. However, on a job rating basis no reporting bank pays bonus salaries or other considerations for drive-in duty.

Only four of the 60 drive-in banks report any difficulty in handling current traffic. In one instance, the drive-in window is located on a public alley at the rear of the bank building. Several stores use the alley for truck loading, which occasionally blocks through traffic. The banks say, however, that cooperation between all parties is being actively solicited, and that police patrol and supervision is helping.

ANOTHER important factor which relieves drive-in congestion is the area available for cars waiting in line, the idea being to avoid double parking outside the driveway or otherwise interfering with general traffic. Some 36 of the reporting banks have auxiliary parking space accommodating from a few up to 150 cars. Many of these are full-fledged parking lots.

Among the banks which operate large scale parking lots in conjunction with drive-in service, only two report the employment of special guards, three have traffic directors, and one more requires a director on occasions. In most instances, guard duty consists of directing customers to open parking spaces, and seeing that they do not overstay the privilege of free temporary parking. On heavy traffic days, guards and traffic directors may ease congestion and enforce safety regulations. Then, too, there is always the threat of attempted robbery which outside policing would tend to discourage. None of the reporting banks, however, has had cause for other than ordinary precautions. The Maryland Trust Company of Baltimore got an unexplained baptism of bullets during the night preceding the formal opening of its drive-in service. Seven round marks were found in the window next day by surprised employees. Apparently the window was first assaulted with a blunt instrument by a misguided craftsman, who later fired at it in a fit of anger. The publicity of this affair served only to introduce drive-in service to Baltimore in a rather spectacular manner.



1

Your bank's film records are highly confidential. From the moment they come in, therefore, Recordak handles them with the utmost discretion and secrecy. No outsiders are allowed in the laboratory—no viewing equipment. And facsimiles or duplicate prints are made solely on your official authorization in writing.

Follow your film through your **Recordak** processing laboratory



See why thousands of banks have such complete confidence in Recordak methods of handling—and processing—film records



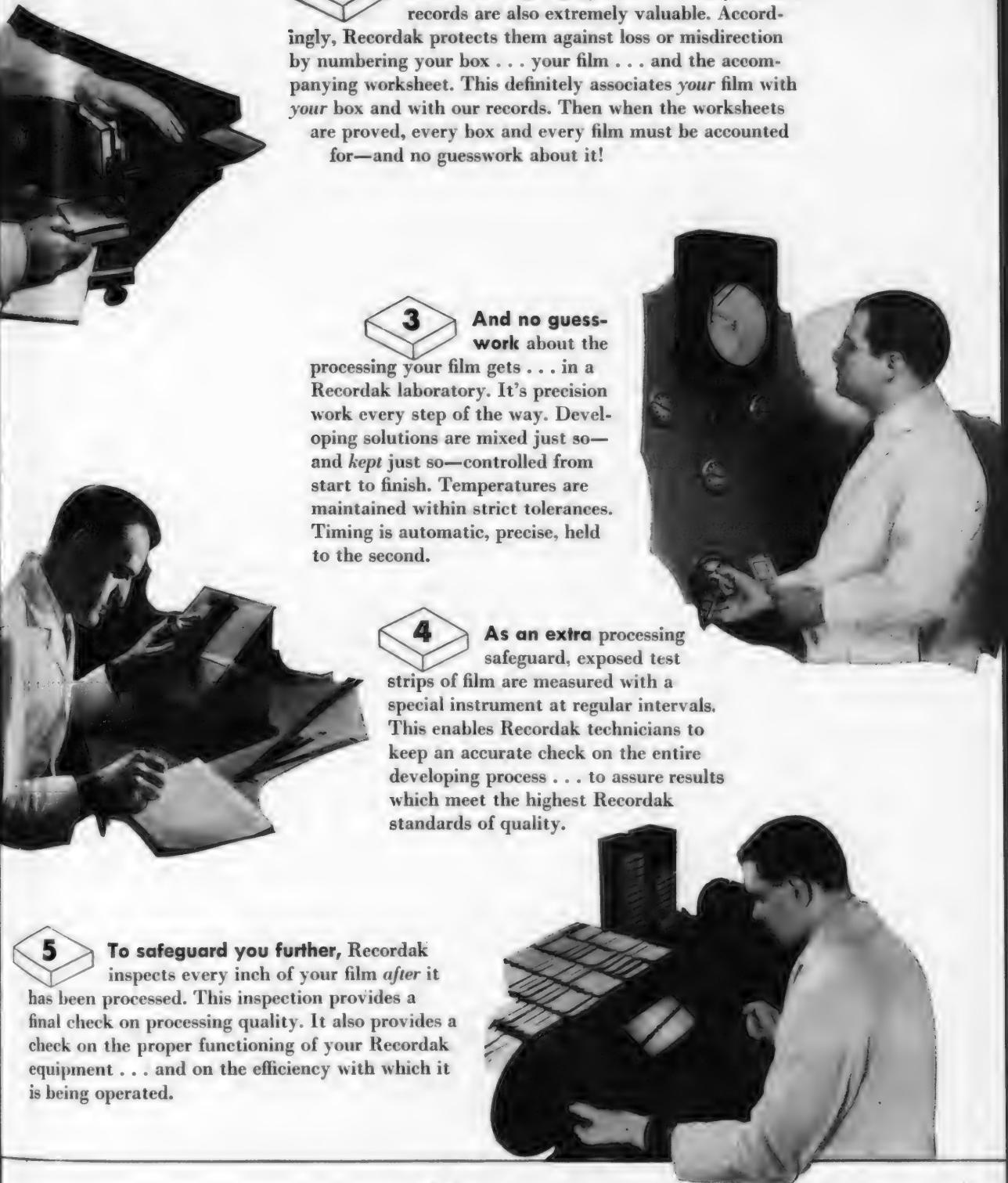
6

After this last inspection, your film is put back into your box . . . ready either to be mailed out to you immediately, or to be handed over to your special messenger.

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350 Madison Avenue, New York 17, N. Y.



2

Besides being highly confidential, your film records are also extremely valuable. Accordingly, Recordak protects them against loss or misdirection by numbering your box . . . your film . . . and the accompanying worksheet. This definitely associates *your* film with *your* box and with our records. Then when the worksheets are proved, every box and every film must be accounted for—and no guesswork about it!

3

And no guess-work about the processing your film gets . . . in a Recordak laboratory. It's precision work every step of the way. Developing solutions are mixed just so—and *kept* just so—controlled from start to finish. Temperatures are maintained within strict tolerances. Timing is automatic, precise, held to the second.

4

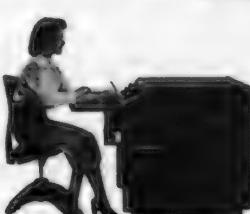
As an extra processing safeguard, exposed test strips of film are measured with a special instrument at regular intervals. This enables Recordak technicians to keep an accurate check on the entire developing process . . . to assure results which meet the highest Recordak standards of quality.

5

To safeguard you further, Recordak inspects every inch of your film *after* it has been processed. This inspection provides a final check on processing quality. It also provides a check on the proper functioning of your Recordak equipment . . . and on the efficiency with which it is being operated.

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—and its application to banking systems**

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(Subsidiary of Eastman Kodak Company)



BANK LAW NEWS

Stop Payment — Collection Code — Bad Debt Reserves

STOP PAYMENT ORDER

Protective clause placed in stop-payment form by bank held unenforceable for want of consideration

An agreement purporting to relieve a bank from liability for failure to obey a stop payment order is unenforceable if the bank does not give consideration for it, Connecticut's supreme court holds, while making clear that it has not yet decided if public policy permits enforcement of such an agreement even when supported by consideration.

A depositor had signed a printed stop order form supplied by his bank, entitled, *Request to Stop Payment of Check*, and reading, in part: "Should the check be paid through inadvertence, accident or oversight, it is expressly agreed that the bank will in no way be held responsible. The bank receives this request upon the express condition that it shall not be in any way liable for its acts should the check be paid by it in the course of its business."

The check was paid. The bank refused to reimburse the depositor's account. The depositor sued. The bank relied upon the above clause.

Unfortunately, for the bank, the court held that it was already obligated by its contract with the depositor to accept his stop payment order, obey it and be liable in damages for failure to do so. A release from this contractual liability would be a separate contract. All contracts must be based upon consideration. And, said the court, an agreement to do something one is already bound to do is not valid consideration.

As to what a valid consideration might be, the court noted that a bank always has a right to refuse to deal further with a depositor. While the mere continuance of the depositor's account did not show consideration, said the court, if the bank had actually told him that his account would be closed unless he agreed to the release,

"we would have a very different situation."

The court did not agree that leniency should be shown large banks in the matter of releases simply because their size and the great volume of their business makes it difficult for them to honor stop orders: "It is a novel proposition of law that because a bank chooses to assume the proportions of a large business, the usual principles of law should not be applied to it; and the contention would lead logically to the impossible conclusion that one law should be applied to small banks and another to large ones. We are unable to see any sound reason why, as between a depositor who, having issued a check, for some reason desires to stop payment upon it and the bank to which he has entrusted his account, the latter should occupy a preferred position."

It was also held that this case involved an unqualified rather than a qualified request to stop payment. The court did not define a qualified request, nor state what obligations it would place upon a bank. *Calamita v. Tradesmen National Bank, Conn. L.J., Vol. XVI, No. 13, p. 6; Paton's Digest, Stopping Payment, §7.*

TAXING NATIONAL BANKS

Connecticut court strikes down tax on personal property of national bank and explains why

In the course of holding that a Connecticut town may not tax the personal property of a national bank, that state's supreme court has briefly reviewed the law governing state taxation of national banks.

In §5219 of the U. S. Revised Statutes, the Congress has provided that states may tax the real property of national banks and that they may tax the shares of such banks in any one of four ways: (1) By a tax on the shares themselves; (2) by including dividends from the shares in the taxable income of shareholders; (3) by taxing the banks' net income; (4) by levying on the bank an excise tax measured by its net income.

The court noted that the "overwhelming weight of authority" was against the contention that Federal law permits the states to tax national banks so long as the basis of the tax is reasonable and there is no discrimination against them.

Only those taxes specifically authorized by §5219 may be levied. No others are valid and, hence, the effect of §5219 is to exempt the personal property of national banks from direct assessment and taxation by the states. *First Nat'l. Bank & Trust Co. v. Town of West Haven, 62 A.2d 671; Paton's Digest, Taxation-State, §1:1.*

INSURANCE AGENCY FUNDS

Bank must treat deposit of insurance premiums as trust fund only if it knows nature of deposit

Although a New York statute provides that premiums deposited by an insurance agency are trust funds, a bank must actually know that they are insurance premiums before it is required to treat them as such, according to the Second Circuit Court of Appeals.

(CONTINUED ON PAGE 72)



Question: HOW CAN YOU BETTER THE BEST?

Answer: ➤

The new
GRAY MAGIC
ROYAL

You look just once and your eyes tell you "It's a beauty!"

For the new Gray Magic Royal is the newest and greatest of all office typewriters. You've never seen anything like it!

Its soft gray tone banishes glint and glare. Now just put your fingers on that new, revolutionary keyboard. Notice how the Finger-Flow keys cushion your fingers in perfect comfort.

But just go down the line of new, improved features. See how the new GRAY MAGIC Royal betters the best—how Royal succeeds Royal as the World's No. 1 Typewriter!



New Color! New Look! New Touch! NEW FEATURES!

Finger-Flow Keys—designed to cradle the finger tips, the Finger-Flow Keyboard gives greater clearance between rows of keys. And the touch that has made Royal the 2 1/4 to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!

Removable Cylinder—another bit of Gray Magic—another new Royal improvement. Single-handed, with the thumb and finger of the right hand, you can lift out the cylinder to clean or

change. A simple press and lift—and it's out. No tool kits! No mechanics!

Clean Change Ribbon—This new Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss—no more inky fingers with this great Royal feature.

"Magic" Margin—Most magic Royal feature of all, "Magic" Margin sets the margin where it's wanted, at the flick of

the finger. Just position the carriage, flick the lever and it's all set. No reaching from carriage to keyboard and back—no fumbling with margin stops.

There are other new features, too—plus tried and true Royal exclusives. Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists . . . better, faster work.

The **NEW**

GRAY MAGIC ROYAL

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"Magic" is a registered trade-mark of the Royal Typewriter Company, Inc.

QUICK CONVERSION

AIR RETURN

for your West Coast items...

Increased reserve requirements make earliest possible availability of funds important to you...

Our strategic location, Day-and-Night Transit operation, wide-spread Collection facilities and Air Mail dispatch...can often save you 2 or 3 days.

Write for details.

HEAD OFFICE:
SAN FRANCISCO

Resources over \$950,000,000

Member Federal Deposit Insurance Corporation

AMERICAN
TRUST
COMPANY
BANKING
since 1854

WHAT CAN YOU DO WITH \$6.80?

Now there's a heading that's intriguing, if we do say so ourselves. It is directed to men who operate small banks — those having less than one thousand accounts.

Well, here's something you can do with \$6.80...not by spending it but by investing it. You can arbitrarily pick out six names from your group of customers who now use conventional end stub pocket checks. You can then order from us two hundred Personalized Checks for each (the six orders will cost you \$6.60 plus 20 cents postage). Then, as these six people drop into the bank, you can tell them what

you have done and ask them how they would like to buy the checks for \$1.35.

Suppose they all refuse. Then you are out \$6.80...and our face will be very red. But suppose they all buy...then you take the \$6.80 and repeat the operation. And after you've done it five or six times you'll have enough surplus to buy twelve orders at a time. First thing you know all your customers will be using Personalized Checks and your check expense will move over to the income side.

Too slow for you? Well perhaps. But just for fun, why not try it?



Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

The court held that an insurance company could not recover funds deposited in its agency's personal account, the account being in no way designated as a trust account, where the bank had appropriated the deposit to satisfy a debt owed to it by the agency.

It was true, said the court, that the bank would have had some indication that trust funds were in the account if it had checked all the facts known to its employees. But the bank was under no duty to be vigilant for the insurance company's benefit, and the mere fact that it "should have been aware of the possibility that the deposit was a trust fund" was not enough. Actually, knowledge is necessary. And in fact, said the court, the deposit in the agency's own name created a presumption, on which the bank could rely, that the fund was not a trust fund. *Western Assurance Co. v. Genesee Valley Trust Co.*, 171 F.2d 664; *Paton's Digest*, Deposits, §22.

FORGED CHECK STATUTE

A.B.A. Payment of Forged or Raised Check Statute does not limit time within which depositor may sue

The A.B.A.-recommended Payment of Forged or Raised Check Statute relieves a bank from liability for paying such a check, unless within one year after its return to the depositor he notifies the bank of the irregularity.

In New York, one of the 37 states in which the statute is recommended or modified form is in force, the supreme court has pointed out "that it is not to be considered a statute of limitations governing the time within which a depositor might commence suit against his bank." The law simply means, said the court, that if a depositor does not give notice within one year after return of his check, he may not bring suit against his bank thereafter; but if he does give notice within the 1-year period, he may then bring suit at any time within the period fixed by any general statute of limitations, no matter the number of years. *Markowitz v. Lincoln Nat'l. Bank & Trust Co.*, 85 N.Y.S.2d 821; *Paton's Digest*, Forged Paper, §9:1.

BANK COLLECTION CODE

Bank may take instrument as owner, not as agent of depositor, despite provisions of A.B.A. Collection Code

Provisions of the A.B.A. Bank Collection Code and of a deposit slip to the effect that a bank takes a negotiable instrument merely as its depositor's agent for collection are not necessarily controlling. The bank may nevertheless take the instrument as owner, Ne-

braska's supreme court points out in a garnishment case.

Section 2 of the Code does provide that "where an item is deposited or received for collection, the bank of deposit shall be agent of the depositor for its collection . . ." and that credit given for the item may be revoked if the item cannot be collected. But it also states that its provisions may be varied by a contrary agreement and that a bank which allows withdrawal of credit given for an uncollected item "shall have all the rights of the owner thereof . . ."

A provision on the back of a deposit slip, stating that all items are accepted for collection only, is likewise subject to contrary agreement, the court noted, since the provision is solely for the bank's benefit and may be waived.

Whether a "contrary agreement" exists, said the court, depends on the intent of the parties, as reflected by the form of indorsement on the instrument, the right given the depositor to draw upon funds credited to him in advance of collection, and the general course of dealing between the bank and its depositors.

It was thus held that the circumstances under which a bank received a draft through its discount department and, prior to collecting it, allowed withdrawal of the full amount of credit given for it, indicated an agreement that the bank owned the draft. Accordingly, the proceeds of the draft could not be garnished as funds of the depositor in a suit by a third party. *Western Smelting & Refining Co. v. First Nat'l. Bank*, 35 N.W.2d 116; *Palon's Digest*, Collection §§2,13,26,27.

"Look, Bill, here's the answer to Mr. Biziman's financing problem. His Inventory can be converted into capital with a St. Louis Terminal Field Warehouse Loan."



When Inventories Are Up Field Warehousing Enables You to Make Profitable Loans

You can use Field Warehousing to...

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Don't pass up opportunities for profitable loans. Today's inventories are high in relation to liquid capital.

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Cincinnati 2, Ohio
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Memphis 3, Tenn.
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An Intimate Personalized Correspondent Bank Service

**Based on a Policy
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Under the direction of officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

The
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Powerful leverage enables user, with one hand, to attach cord and pull until the seal pin is forced through the thick folds of canvas bag. Increased leverage affords perfect die impression even with light pressure when deforming seal. Yet Press weighs only 17 ozs!

PURE LEAD SEALS

"Steel Strong" Lead Seals comprise 4 holes fitted with cable-laid hemp cord and pin. Made of pure non-porous lead that will not break like a moulded seal made of cheap lead. Seals, with cord, packed in bundles of 50, all same size; Pins different lengths.

*The C. L. DOWNEY Company
HANNIBAL, MISSOURI
World's Largest Mfrs. of Coin Wrappers*

POST-DATED CHECKS

Taking of post-dated check implies that seller agrees to sale on credit, not for cash

A post-dated check is given for the purpose of obtaining an extension of credit, says the Municipal Court of Appeals of the District of Columbia, and its acceptance by a seller apparently indicates that he agrees to a credit transaction rather than a cash sale.

Store fixtures were sold under an oral agreement. The buyer gave the seller three checks on the day of the agreement, and the fixtures were delivered shortly thereafter. One check was cashed that day. The other two were post-dated, and one of them was later dishonored. The buyer was thereupon induced to sign a conditional sales contract, phrased as though it were the first contract between the parties and providing that title to the fixtures would remain with the seller until payment was made in full. When no payments were forthcoming, the seller brought out his contract and sued to recover the goods.

The court, however, refused to recognize the contract, on the grounds that at the time it was made, the seller had nothing to sell. The fixtures were "specific goods, in a deliverable state." Under the Uniform Sales Act, in force in the District, title to such goods passes to the buyer when a contract of sale is made, even though the time of payment is postponed, unless the parties intend otherwise. Since the taking of the post-dated checks indicated only a postponement of payment, it was held that the parties intended a completed sale on the day they made their oral contract and, therefore, that the buyer already owned the goods when he signed the conditional sales contract. *Daine v. Price*, 63 A.2d 767; P.D., Property, §4.

SET-OFF

Loss caused by bank's failure to dishonor insolvent depositor's check may be charged to depositor

Losses incurred by a bank from its inadvertent failure to dishonor an insolvent depositor's check may be set off against his account, according to an interpretation of the Bankruptcy Act by the Fifth Circuit Court of Appeals, and so may expenses incident to selling collateral pledged against debts owed the bank by the depositor.

A corporate depositor had a checking account as well as a running indebtedness with defendant bank. The corporation failed and the bank knew this prior to the time one of its checks,

\$1,992.63, arrived in the clearings. The bank intended to dishonor the check, but inadvertently mailed it to another bank. This error resulted in litigation which apparently cost the bank about \$4,000.

The court upheld the action of the corporation's receiver in bankruptcy in permitting the bank to sell a quantity of corn, covered by warehouse receipts pledged by the corporation, and to set off against the proceeds of the sale both the expense of the sale and the costs incurred by the failure to dishonor the check. And, the court added, the bank's action did not constitute a preference in bankruptcy. *Gibson v. Central Nat'l. Bank of McKinney*, 171 F.2d 398; P.D., Set-Off, §12.

PUBLIC DEPOSITORY

Liability of bank for depositor's misuse of public funds explained by Michigan court.

A decision of the supreme court of Michigan explains why, in two cases involving the deposit of public funds, a bank was held liable for a public official's mishandling of funds in one instance and not in the other.

Where a bank allowed the proceeds of checks payable to a county clerk in his official capacity to be deposited in and withdrawn from his personal account, it was held that the bank knew or should have known that public funds were being misappropriated, that it thus made itself a party to an unlawful act, and was liable for resulting damages.

The result was different, however, in the case of a township treasurer, required by law to keep township funds in

(CONTINUED ON PAGE 76)



"Was that Miss or Mrs. Schmaltz?"

A neighborly property insurance company reports to the Public:

WEBSTER defines "neighbor" as one who lives nearby; is associated with others on friendly terms.

By that definition, The Home is truly a neighborly property insurance company. Through its forty thousand representatives, The Home lives in and serves cities, towns and hamlets in every state of the Union.

To countless property owners, The Home is personified by the hard-working representative who takes an interest in their problems and their protection—the man who lives down the street, who serves on civic committees, the man who brings prompt financial relief to policyholders when disaster strikes. That is The Home, in its most fundamental sense.

Now, more than ever, The Home is a "grass roots" company. Ten fire-marine insurance companies which were previous affiliates, last year were merged into The Home. The balance sheet shown is the first complete one issued by the enlarged Home organization. This is rightly of interest to the public, because The Home is by far the leading insurance protector of American homes and the homes of American industry.



PRESIDENT

Balance Sheet December 31, 1948

ADMITTED ASSETS

Cash in Office, Banks and Trust Companies	\$ 31,027,607.07
United States Government Bonds	107,440,297.48
Other Bonds and Stocks	122,046,607.25
Investment in Associated Company	6,871,511.16
First Mortgage Loans	3,126.58
Real Estate	4,330,868.09
Agents' Balances, Less Than 90 Days Due	10,811,751.20
Reinsurance Recoverable on Paid Losses	706,975.90
Other Admitted Assets	2,006,693.37
Total Admitted Assets	\$285,245,438.10

LIABILITIES

Reserve for Uncared Premiums	\$141,729,267.00
Reserve for Losses	33,879,862.00
Reserve for Taxes	9,000,000.00
Liabilities Under Contracts with War Shipping Administration	2,888,128.21
Reinsurance Reserves	1,493,633.18
Other Liabilities	2,417,432.63
Total Liabilities Except Capital	\$191,408,323.02
Capital	\$20,013,595.49
Surplus	73,823,519.59
Surplus as Regards Policyholders	93,837,115.08
Total	\$285,245,438.10

Directors

Lewis L. CLARKE <i>Banker</i>
CHARLES G. MEYER <i>The Cord Meyer Company</i>
WILLIAM L. DEBOST <i>Chairman, Union Dime Savings Bank</i>
EDWIN A. BAYLES <i>Lawyer</i>
ROBERT GOELET <i>Real Estate</i>
GEORGE MCANENY <i>Vice Chairman, Wills & Trust Committee, Title Guarantee & Trust Co.</i>
GUY CARY <i>Lawyer</i>
HAROLD V. SMITH <i>President</i>
HARVEY D. GIBSON <i>President, Manufacturers Trust Company</i>
FREDERICK B. ADAMS <i>Chairman of Executive Committee, Atlantic Coast Line Railroad Co.</i>
ROBERT W. DOWLING <i>President, City Investing Co.</i>
GEORGE GUND <i>President, Cleveland Trust Co.</i>
HAROLD H. HELM <i>President, Chemical Bank & Trust Co.</i>
CHARLES A. LOUGHIN <i>Vice President & General Counsel</i>
IVAN ESCOTT <i>Vice President</i>
C. STEVENSON NEWHALL <i>Chairman of Board, Pennsylvania Co. of Philadelphia</i>
PERCY C. MADEIRA, JR. <i>President, Land Title Bank & Trust Co.</i>
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HENRY C. BRUNIE <i>President, Empire Trust Company</i>
HARRIN K. PARK <i>President & Director, First National Bank of Columbus, Georgia</i>
BOYKIN C. WRIGHT <i>Lawyer</i>

NOTES: Bonds carried at \$8,143,395.33 Amortized Value and Cash \$80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Assets and Liabilities in Canada and Jamaica, B.W.I. have been adjusted to the basis of the free rate of exchange. Based on December 31, 1948 market quotations for all bonds and stocks owned, the Total Admitted Assets would be increased to \$285,403,703.37 and the policyholders' surplus to \$93,995,380.35.



PROPERTY
INSURANCE

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Insurance Company

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FIRE • MARINE
AUTOMOBILE

The Home Indemnity Company, an affiliate, writes Casualty Insurance, Fidelity and Surety Bonds.

(CONTINUED FROM PAGE 74)



Honestly now— would you prefer a shrinking violet?

The advertisers in this magazine all claim their products are "tops." They are full of pride in their brand names.

Every so often you meet someone who objects to what he calls the "boastfulness" of advertising, but *most* of us Americans like it.

We like it because we know that deep *pride* in things well made goes way back into the factories and is reflected in the fine products we have to choose from when we go to buy the things we use in our homes or on our persons.

We like it because we know that pride is a spur to make better merchandise; and that it is the driving power that keeps men striving each to outdo the other in new ideas, new and better ways of doing things. The end result is a steady stream of new and better means to make life comfortable; more and better jobs for us to earn the means of buying them.

We will take the *Proud* ones—and let some other land cultivate the shrinking violets.

Brand Names Foundation
INCORPORATED

119 West 57th Street, New York 19, N. Y.

A non-profit educational foundation

two local banks in approximately equal amounts. At various times, one of the banks had cashed checks payable to him as treasurer, part of the proceeds being deposited in the township account and the balance being paid to him in cash. Here, said the court, the treasurer would have been performing his duty if he deposited the latter sums in the other bank. In the absence of evidence that he did not do so, and that the bank knew that he did not, the bank would not be liable for any alleged shortages in his accounts. American Surety Co. v. Trenton State Bank, 35 N.W.2d 260; P.D., Deposits, \$22B.

RESERVES FOR BAD DEBTS

Bureau of Internal Revenue rules on accounting procedure for banks using reserve method.

The Bureau of Internal Revenue recently ruled that banks using the reserve method of accounting for bad debts must now carry their bad debt reserves on their regular books of account. Previously, banks which changed from the direct chargeoff method were allowed to carry their reserves on auxiliary records only.

The Bureau has also held that there is no objection to the creation of bad debt reserves by book transfers out of items of contingent reserves or allocations of surplus against future bad debt losses which had been carried by banks at the time of changing to the reserve method and which had not been recognized as other than surplus for Federal income tax purposes.

A.B.A. members have already been informed of the rulings by D. J. Needham, General Counsel of the Association. Banks having individual problems in connection with reserve method accounting may address their inquiries to the Washington office of the A.B.A. I.T. 3936, January 24, 1949.

Jake Warning

Social Security cards are being used for identification in a new fraudulent check racket. The Association of Casualty and Surety Companies has warned its members not to accept them as identification.

The cards were not designed for personal identification. Their specific function is to enable the Government to identify an individual worker's wage record.

The Social Security Administration automatically provides a card to any person who applies for one.

BANKING

Public Relations Meetings

(CONTINUED FROM PAGE 37)

Public relations with competitors "are badly needed in the banking business," he tells them. "The Golden Rule applies to our competitors as well as employees and customers."

He mentions public relations with the Government, veterans, in advertising, with new accounts, and with stockholders.

"We, the employees," Mr. Conner tells the group, "make our bank. The way we act, the way we serve and the way we work together determine our bank's personality."

Mr. Frenzel, quiet and soft-spoken, delights his audience with a dry wit and droll manner of telling his human interest stories which strike a responsive chord in every listener, whether messenger or president.

"During the war," he says, "we had to resort to manual operations in the proof department. Sometimes a new girl would be running an adding machine in two days. Officers frequently ran posting machines to help us catch up."

"One day a cashier's check was routed the wrong way and sent to the bookkeeping department. There this \$50,000 cashier's check was charged to the personal account of one of our assistant cashiers. The result was that it showed his account overdrawn about \$49,000. Nothing was reported until the overdraft records were sent to the chairman of the board. And when he saw this one overdraft, he went right through the top floor of the building."

Boners Eliminated by Training

"Many times in banks all over the country, customers line up 15 and 20 deep in front of a window during the noon hour. The designated lunch hour comes for a new teller, and without a word he shoves the 'Closed' sign in front of the window and goes to lunch, leaving those customers both amazed and angry."

Mr. Frenzel emphasizes that such incidents were a part of wartime conditions brought on by the manpower shortage. In normal times they can be eliminated through training and education.

He stresses the adage, "Knowledge is power." He outlines American Institute of Banking courses; urges the directors and officers to send interested employees to these courses and to local meetings of the National Association of Bank Auditors and Comptrollers.

Sometimes along with the Conner-Frenzel program the bank may add some employee recognition of its own, while admiring—and oftentimes amazed—directors look on.

The First National Bank of Elkhart made the evening a kind of employee "honor night." President George S. Anderson introduced a messenger who had been awarded a four-year college scholarship after ranking among the first five in his high school graduating class. He reported results of employees' participation in A.I.B. courses—12 employees enrolled, all completed the courses with an average grade of 84 1/4. A young lady—poster in the bookkeeping department—led the classes with a 94. He announced additional employee insurance benefits—costs to be absorbed by the bank.

Then a quartet of bank men entertained with "barber shop" harmony and original verses about staff members and bank policies.

Simple Programs Effective

Some programs are not as elaborate but may be just as effective. At the St. Joseph Valley Bank, Elkhart, the program was scheduled for late afternoon. There they pushed back the machines in the bookkeeping department, invited in the staff of the First Old State Bank, and settled down to public relations.

At Marion First National Bank, officials let the employees in on the new pay-as-you-go checking account service, which was announced to the public the next day.

At the Central National Bank, Greencastle, it was a shirt-sleeve discussion with everyone gathered around a large table.

Similar programs were presented at the Lafayette National Bank, Lafayette; Citizens National Bank and Citizens Trust Company, Bedford; Elston Bank & Trust Company, Crawfordsville; St. Joseph Bank & Trust Company, South Bend; The Farmers Bank, Frankfort; Irwin-Union Trust Company, Columbus. In addition the Merchants National and Indiana Trust were hosts at a dinner session for five banks in and around Indianapolis.

Officers and employees have invited Mr. Conner and Mr. Frenzel back for another session. In some cases dates have been set. And public relations traveling salesmen are already equipping themselves with new ideas, new stories, new suggestions, and new films so that public relations will become a normal part of everyday, routine banking operations in Indiana.



"Opportunities for Women in Business" was the theme of a panel sponsored by the women's committees of New Jersey chapters, A.I.B., in Newark. Left to right, Virginia Valentine, advertising manager, State Planters Bank & Trust Co., Richmond; Bess Bloodworth, vice-president, Namm Store, Brooklyn; Ellen L. Fisher, chairman, A.I.B.'s National Women's Committee, Toledo (guest of honor); Dr. William A. Irwin, A. B. A. economist, moderator; Judge Dorothy Kenyon, UN Commission on Status of Women; Helen R. Feil, assistant secretary, Dime Savings Bank, Brooklyn; Wilma Soss, president, Federation of Women Shareholders in American Business, New York

Earnings Prospects

(CONTINUED FROM PAGE 35)

Bad Debt Reserve

The reserve method of accounting for bad debts, which permits banks to provide a reserve based on a 20-year moving average of their past experience of bad debt losses, creates temporary tax benefits which in some cases may extend into 1950 or 1951. However, over the longer term there will be no new tax savings under this method and current benefits should be excluded when looking at net operating earnings. These reserves, which are permitted to accumulate to the extent of three times such average annual loss experience, should be adequate under normal conditions, particularly since loan portfolios have been considerably strengthened by the practice of setting up loans on a partial payment basis. In case of a serious depression, the bank examiners will probably insist again on certain severe charge-offs. These, however, in the past, have resulted in substantial recoveries later on.

Interest Rates

The loss in earning assets because of higher reserve requirements has, as far as earnings are concerned, tended to offset the effect of rising interest rates in 1948. Relative stability of interest rates around current levels is looked for in 1949. No increase in the rediscount rate is expected.

Loans

Ever since last October a cautious attitude has been displayed towards inventories. The pipelines are now fairly well filled and various factors are at work which will probably result in a contraction of commercial loans. In many lines the retailer is again in a position to get immediate delivery from the wholesaler. A more rapid turnover of inventories may therefore be expected. The seasonal factor also will be more important again than has been the case in the recent past. Sales are still holding well and, while inventories appear to be high in certain cases, the next few months will probably show that they are pretty well cleaned out. Personal loan business will probably increase. Increased financing of time sales by corporations may be looked for as the banks get loaned-up with this type of business.

Real Estate Foreclosures

The danger of losses from real estate foreclosures is not great for the large city banks at this time. There are signs that some of the GI loans on houses and businesses are going sour. However, the practice of monthly payments is building up a considerable equity. No serious trouble is expected.

Bankruptcies

While there may be some important casualties, these would be rather isolated instances and, because of the cautious attitude of the larger banks, no important losses are looked for.

Foreign Business

Earnings on foreign business of the New York City banks are not expected to increase materially during the current year. In fact, one source of foreign business, South America, is now practically closed-up. Letters of credit issued by American banks against ECA letters of commitment under

the Marshall Plan involve a lot of paper work for only small commissions.

Reserve Requirements

It looks, at this time, as if the present rate of 26 percent on net demand deposits will prevail during the current year. Since there is a tendency to make changes only after certain facts have been established for a while, any up or down adjustment which may seem advisable to the authorities will probably not take place during 1949.

Support Level of Government Bonds

In 1948 the Government demonstrated its ability to hold the prices of Government bonds at levels which it wished to maintain. The strain is now definitely off the market and a good recovery in prices has already taken place. Stability, rather than substantial ups or downs, may be looked for in the current year.

Effect of Possible Deficit Financing

At the present time no need for new deficit financing in 1949 is foreseen. On the basis of projected figures the Government should be able to get along in the current year, considering cash balances available and trust fund operations. In case of a serious business depression later on, the outlook is for the Government to resort again to deficit financing in very substantial amounts, which, as in the past, will probably again be run through the banks.

Maturity of Government Bonds in Bank Portfolios

The great majority of New York City banks shortened their maturities in 1948. During 1949 these will probably be lengthened somewhat by most of the banks.

Dividends

No decreases in dividend rates of the larger New York City banks are anticipated. Increases, if any, will be small. Two or three of the institutions may make small increases in their rates during the current year.

Estimated 1949 Earnings

On the average, earnings will not vary much from 1948. Some may show slightly up and some others slightly down. In judging 1948 results another factor has to be considered, particularly in the case of banks which have large trust departments. This is due to a change in 1948 in the statutes in New York State covering principal commissions on trusts. Under the new statute, which is retroactive to 1943, principal commissions earned but not taken in prior years because of complexities under the old laws, were taken in 1948. To the extent that these commissions were retroactive, they are, of course, of non-recurring nature. Somewhat higher rates for fiduciary commissions, agency and investment advisory services are not being obtained.

"The power to move reserve requirements up and down by any small group creates confusion and is a menace to banking and to business. Banking and business can be adjusted to almost any fixed set of rules, but not to rules measured by a rubber yardstick."—N. BAXTER JACKSON, chairman, Chemical Bank and Trust Co., New York. (In annual report.)

A Bank Is Known...

by the correspondents it keeps.

397 banks in all sections of this country
have been Central Hanover correspondents
for more than half a century.



**CENTRAL HANOVER
BANK AND TRUST COMPANY**
NEW YORK

Member Federal Deposit Insurance Corporation



Other Organizations

Pacific Northwest Bankers

The 10th meeting of the Pacific Northwest Conference on Banking will be held at the State College of Washington, Pullman, April 7-9. The conference brings together bankers and economists from Montana, Idaho, Oregon, and Washington, with a number also from California, Utah, and other states.

The first meeting of the conference was held in 1936. That year, and at each meeting since then, including this year's, the chairman of the bankers' committee arranging the program has been Joel E. Ferris, chairman of the Spokane and Eastern Division of the Seattle-First National Bank. Mr. Ferris works in cooperation with Dean Maurice W. Lee of the School of Business of the State College, and the institution's president, Wilson M. Compton.

Among the subjects to be discussed during the three days of the conference sessions are credit controls, the agri-

cultural price control program, public relations, bank personnel, and the future of atomic energy. Speakers include Federal Reserve Board Governor M. S. Szymczak; Arthur P. Uppgren, financial editor, Minneapolis; Sumner Pike, member, Atomic Energy Commission; George H. Prout, vice-president, General Electric Company; Leslie K. Curry, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis; M. J. Hudtloff, controller, Commodity Credit Corporation, Washington; and William A. Irwin, economist of the American Bankers Association.

N. Y. Agricultural School

The New York State Bankers Association has sent out enrolment applications for this year's six-day session of the Bankers School of Agriculture, conducted in cooperation with the New York State College of Agriculture, Cornell University. The school will be

held on the Cornell campus from August 14 to August 19, inclusive. A special effort is being made this year to bring to the school bankers from the state's agricultural counties that have not yet been represented in the student body.

Enrolment is open to all member banks of the New York association and to country banks in nearby, out-of-state areas. The tuition is still \$75, including living expenses.

Kentucky Ad Contest

Member banks of the Kentucky Bankers Association are entering an advertising contest. Eight prizes will be awarded to the winners at the association's convention next October.

Entrants will be divided into two groups—banks with less than \$10-million in resources and banks with over that amount. The contest is divided

(CONTINUED ON PAGE 82)

One of the sessions at the first regional clinic of the Mortgage Bankers Association of America, held in Chicago in February. A second clinic is being held in New York City, at the Commodore Hotel, April 4 and 5



INSIDE STORY OF THE ROLLED BALE



★ Double windrows are easily made by reversing direction of raking.

Ideal for the job is the new POWER DRIVEN air-tired Allis-Chalmers Side Delivery Rake and Tedder, with selective reel speeds. It steers true, makes straight, airy windrows.

Simply unroll it and there it is... a thick, soft, leafy carpet of hay. The leaves are still on the stems. The natural protein and color are still there. Livestock show a preference immediately. That kind of hay has higher feeding value.

Roto-Baling is the new art of packaging hay or straw. The farmer pictured at left is showing how it is properly done. Wide *double* windrows cure fast and make the best rolled bales. {And travel is only $\frac{1}{2}$ as far per bale.}

The ONE MAN ROTO-BALER extends the benefits and profits of home ownership to more farms than ever before. A crop can be saved the hour it is ready. Once hay is in the rolled bale, danger from weather is greatly reduced, *for it sheds rain like a thatched roof.*

The rolled bale is setting new standards for keeping *quality* hay. It assures greater livestock gains and more profitable farming.

ALLIS-CHALMERS
TRACTOR DIVISION MILWAUKEE 1, U. S. A.

into two sections, the first section being the best series of ads not necessarily related as to message, while the second is the best single ad. Prizes will be awarded for first and second place in each section. The ads must be originated by or for a single bank—not part of a professional or syndicated series.

The contest is one of the projects of the association's public relations committee, which is under the chairmanship of Merle Robertson, president, Liberty National Bank and Trust Company, Louisville.

FPRA Discussions

The March 13-14 meeting in Detroit of the Financial Public Relations Association's extension committee heard discussions of 12 important projects. Committee Chairman Howard C. DeMelt, vice-president, Syracuse (New York) Trust Company, and Vice-chairman Charles J. Miller, executive vice-president, First National Bank, Meadville, Pennsylvania, assembled a group of 14 experts who covered their respective fields. The projects and discussion leaders were:

Visual education, Orrin H. Swayze,



Taking a particularly active part in the Missouri Bankers Association are, left to right: Harold T. Jolley, chairman of the MBA legislative committee and president, Boatmen's National Bank, St. Louis; R. E. Redman, chairman of the committee on study of a banking board, and cashier, Bank of Louisiana; Edmund B. Welshans, chairman, committee on AIB and employee training, and assistant vice-president, Mutual Bank and Trust Company, St. Louis

vice-president, Capital National Bank, Jackson, Mississippi; employee organizations, L. J. Smotherman, public relations director, First Wisconsin National Bank, Milwaukee; membership in FPRA, Arthur J. Howell, assistant cashier, Manufacturers National Bank, Detroit; state bankers associations public relations programs, B. J. Schwoeffermann, president, First National Bank, Chicago Heights, Illinois, and Ralph Fontaine, secretary, Kentucky Bankers Association, Louisville; service charges, Lawrence Keller, Jr., vice-president, Alton (Illinois) Banking & Trust Com-

pany; bank profits, R. R. Eldred, vice-president, Community National Bank, Pontiac, Michigan; new business development, Rex V. Lentz, director of the special services department, Mercantile National Bank, Dallas, Texas; thrift, Harry R. Gosling, vice-president, Oneida National Bank & Trust Company, Utica, New York; instalment credit, Sidney S. Ayers, executive secretary, Massachusetts Bankers Association, Boston; education of school children, George Rast, cashier, First National Bank, Leesburg, Florida; FDIC, Reed Sass, assistant cashier, Fort Worth (Texas) National Bank; and advertising's increased costs, John C. Boehm, assistant vice-president, Manufacturers Trust Company, New York City, and John F. Donlon, vice-president, Edwin Bird Wilson, Inc., advertising firm of New York City.

Henry S. Kingman (second from right), vice-president, National Association of Mutual Savings Banks, and president, Farmers and Mechanics Savings Bank, Minneapolis, greets Professor Andre de Guchteneere, chairman of the board of administration of the International Thrift Institute and general manager, General Bank of Savings and Pensions, Brussels. At left is Olof Norbeck, member of the Institute's board and managing director of the Stockholm Savings Bank, and at right is Dr. Martin H. Verrijn Stuart, managing director of the Institute, who came to this country for a three weeks' tour of U. S. mutual savings banks



Mutual Savings Directory

The 1949 edition of the *Mutual Savings Bank Directory*, released by the National Association of Mutual Savings Banks, records an over-all increase of deposits during 1948 of \$641,345,892. Total deposits of the mutual savings banks in the nation at the year-end stood at \$18,400,277,959 and depositors numbered 18,847,196. Assets kept pace with deposit gains, reaching a new high figure of \$20,481,972,682.

This handbook contains detailed information and statistics concerning every mutual savings bank in the country, including rates of interest-dividends paid, institutions operating Christmas Clubs, school savings, safe deposit, and life insurance departments, etc. Copies of the directory can be obtained from the National Association of Mutual Savings Banks, 60 East 42nd Street, New York.

New Robert Morris Group

Walter L. Rehfeld, vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis and president of the Robert Morris Associates, national organization of credit men, announces formation of a Pacific Northwest chapter of the Associates.

Members largely responsible for the new chapter are Frank E. Jerome, vice-president, Seattle-First National Bank, Seattle, and E. E. Searles, vice-president, The Puget Sound National Bank, Tacoma, who were elected president and secretary, respectively. Others elected to office and active in forming the group are Oliver H. Haskell, vice-president, Peoples National Bank of Washington, Seattle, and Ralph J. Stowell, vice-president, National Bank of Commerce, Seattle, vice-president and treasurer, respectively.

The board of governors includes the above officers and Eric Wallberg, assistant manager, The Bank of California N.A., Seattle, and Ralph W. Sherrill, assistant manager, The Bank of California N.A. in Tacoma.

Mr. Jerome says "the chapter will be a small one to begin with as we are most anxious to keep the membership in the top levels until we have had some experience."

The Associates now has 20 chapters covering nearly the entire country, with local organizations on a city, state, or regional basis. Efforts to organize a group in Texas will be made this spring. Mr. Rehfeld and Ray Duning, national secretary-treasurer, will visit banks in Houston, San Antonio, Dallas, and Fort Worth.

PBA Trust Aid

R. W. Steber, trust officer, Warren Bank and Trust Company, Warren, Pennsylvania, said at the recent Midwinter Trust Conference of the A.B.A.: "The trust officer of the small department—he is the man who gets 95 percent of the new business—must know his way around. He must convince his prospect that the estate will get first-class service, and he must lay before the prospect a sound plan as to how this will be accomplished with minimum expense."

Citing an example of meeting these problems from his own state, Mr. Steber noted the program of assistance to small trust departments carried on by

the Pennsylvania Bankers Association. He listed the following points in the program:

(1) Encouragement of greater interest and attendance on the part of small departments at the group and state meetings. Providing programs and speakers particularly fitted to their needs.

(2) Providing forms for docket, accounting, investment review, etc., especially designed for use by small departments.

(3) Investigation of the possibility of consolidation of small departments or participation of several in one central county or zone department.

(4) Providing investment counsel for small departments without burdensome cost.

(5) Encouragement of small departments to make factual studies of their individual situation and to determine to what extent, if at all, they wish to expand their departments.

Over-the-Counter Study

The National Association of Securities Dealers, Inc., through a committee of five members, is undertaking a study of the over-the-counter market, par-

New Hampshire MANCHESTER

Manchester, population 83,000, industrial and financial center of the State, rises from both banks of the Merrimack and is encircled by New Hampshire hills. The Indians chose Amoskeag Falls as one of their favorite fishing places here that in 1650 John Eliot conducted the first school for the Redman. A pioneer settlement was made in 1722 and about 1736, Brigadier-General John Stark, Manchester's Revolutionary hero, settled here.

The town was known as Derryfield but who built the canal around the falls, after a trip to Manchester in England in 1810 was instrumental in changing its name, the small town of 615 people the "Manchester of America." Manchester was the home of the Amoskeag Manufacturing Company, once the largest cotton mill in the world, and its development was due in part to the expansion of these mills. Today Manchester is the home of the New Hampshire Fire Insurance Company, whose motto, "Solid and Successful," is a guarantee to every one of

NEW HAMPSHIRE FIRE INSURANCE COMPANY
Incorporated 1869
MANCHESTER,
NEW HAMPSHIRE

GRANITE STATE FIRE INSURANCE COMPANY

Incorporated 1885

PORTSMOUTH,
NEW HAMPSHIRE

ticularly the various aspects bearing upon competition with the listed securities exchanges, it has been announced by Wallace H. Fulton, executive director.

A report of the findings and recommendations of the committee is to be made to the board of governors no later than January 1950.

Florida's Forests

Fourteen million acres of forest lands in Florida should be placed under or-

ganized protection as soon as possible, said G. G. Ware, chairman of the Forestry Committee of the Florida Bankers Association, in a letter addressed today to all state legislators and bankers. Mr. Ware, who is president of the First National Bank, Leesburg, said, "Florida's forestry products at present provide \$135,000,000 annual income and their potential is four to six times greater. Bankers are interested in development of forestry in Florida because they believe that in forestry lies our greatest economic opportunity. By responsible sources it has been stated that our forests, fully developed

and converted into manufactured products, would provide an annual cash income exceeding the income now received from any one source, including citrus and tourists."

"In addition to the potential direct cash returns," Mr. Ware said, "the restoration of our forests will be of great value through the reduction of destructive floods and the alleviation of dry periods, the checking of waste in our valuable top soil, the improved protection of wild life, and the enhancing of the over-all beauty of our state."

Meetings of NABAC

Charles R. Keogh, cashier of the American National Bank, Indianapolis, Indiana, has been named general chairman of the Mid-Continent Regional Conference of the National Association of Bank Auditors and Comptrollers which will be held in Indianapolis, April 20, 21 and 22.

Mr. Keogh was selected by the executive and advisory committees of the Indianapolis Conference of Bank Auditors and Comptrollers, which is official host for the meeting.

Bank operations men from 22 states will attend the meeting at the Claypool Hotel. This is the 12th in the NABAC series of mid-continent regional meetings.

States included in the conference area are Illinois, Iowa, Michigan, Ohio, Wisconsin, Minnesota, Montana, Nebraska, Kentucky, North Dakota, South Dakota, Wyoming, Arkansas, Colorado, Kansas, Missouri, New Mexico, Okla-

Announcement TO OUR BANKING FRIENDS

Effective April 4th, Central National will serve your complete banking needs from a new Main Office location, 123 West Prospect, in a Terminal Group Building at the corner of Prospect and West 2nd Street.

Our new quarters may be reached through underground corridors from the Union Terminal Station (NYC, B & O, C & O, NYC & St. L and, from April 24, the Erie RR), the Terminal Parking Garage, Hotel Cleveland or any of the Terminal Group Buildings.

The enlarged facilities of our Main Office provide continued assurance for the speedy, efficient handling of your correspondent banking requirements. We invite you to visit our magnificent new Main Office, and we will welcome an opportunity to serve you.

Remember, after April 1st, address all communications to Central National Bank of Cleveland, 123 West Prospect, Cleveland 1, Ohio.

**Central National Bank
of Cleveland**

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



BANKING

homa, Texas, West Virginia, western Pennsylvania and Indiana.

Purpose of the meeting is to improve techniques in bank operations, audit, and control, and the program will feature constructive discussions of technical banking subjects.

Exhibits of bank equipment and services will be a highlight of the session.

Officers of the host conference are: *president*, R. B. Coolman, cashier, New Augusta State Bank, New Augusta, Indiana; *vice-president*, John A. Smead, auditor, American National Bank, Indianapolis, and, *secretary-treasurer*, Charles H. Gauding, auditor, Indiana National Bank, Indianapolis.

The annual convention of NABAC, to be held in Philadelphia in October, is being planned by a committee headed by Edward F. James, controller, Fidelity-Philadelphia Trust Company. Associate general chairmen on Mr. James' committee are Robert B. Ferguson, Central-Penn National Bank, and Garland F. Potts, treasurer, Delaware Trust Company, Wilmington.

Kansas Group Insurance

The committee on group insurance of the Kansas Bankers Association has reported that 321 of the total of 608 banks in Kansas are participating in the KBA's group life plan. It was first offered in June 1948. The number of lives insured in the 321 banks is 1,574 and the total volume of life insurance is almost \$3-million.

W. L. Dean, chairman of the committee and president, Merchants Na-

Frank H. Coward, cashier, Lapeer (Michigan) Savings Bank and chairman of the MBA's agricultural committee, which gives him a key role in the scholarship program described here. Mr. Coward uses his own plane to fly to Lansing for committee meetings



tional Bank, Topeka, has recommended that the state association give consideration again to a group retirement program and to certain other miscellaneous benefits, such as sickness and accident.

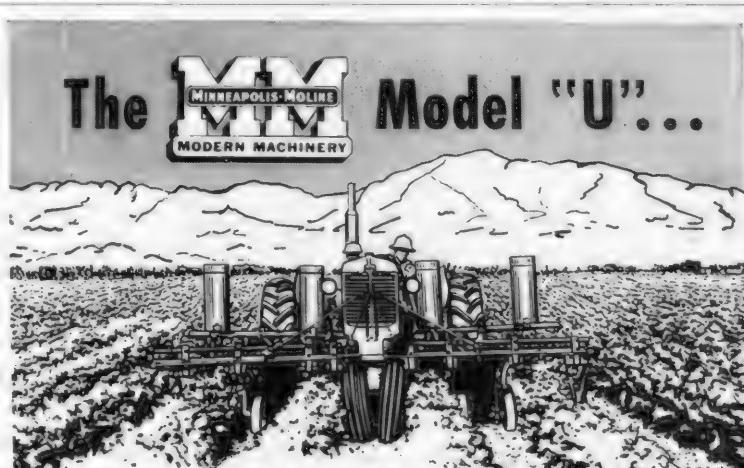
With Mr. Dean on the committee are C. J. Chandler, president, First National Bank in Wichita, and M. A. Limbocker, president, Citizens National Bank, Emporia.

New Jersey Elections

Clarence G. Meeks, president, Hudson Trust Company, Union City, New Jersey, has been elected treasurer of the New Jersey Bankers Association, suc-

ceeding Carlos Kelly, vice-president, Fidelity Union Trust Company.

Harold A. Ramsey, vice-president of the First National Bank and Trust Company of Paterson, has been elected president of the New Jersey State Safe Deposit Association. Oscar T. Conner, vice-president of the North Jersey Trust Company, Ridgewood, was advanced to the first vice-presidency, and J. Scott Branson, vice-president of the Seacoast Trust Company, Asbury Park, became second vice-president. Charles R. Merwarth, assistant cashier, First National Bank, Jersey City, was elected treasurer. The outgoing president of the association, is Edson B. Day, vice-president of the Plainfield National Bank.



... Will Step-Up Profits for You!

The 3 to 4 plow Model U provides economical power for drawbar, power lift, belt pulley and, power take-off applications. Variable speed governor, five forward speeds, swinging-type drawbar, and adjustable rear tread economically adapt the U for any farm task.

Drop-forged steel crankshaft and connecting rods operate on precision-type bearings. Gears, shafts, and bearings operate in oil bath; extra large capacity oiling system provides positive lubrication and seals out dirt.

Model U's special steering mechanism offers easy handling, quick turning and lining-up at row ends. Hand operated over-center clutch provides easier, safer implement hitching and belt work. MM Quick-On—Quick-Off Tools are easily and simply attached to the MM Model U.

OPTIONAL UNI-MATIC POWER — New hydraulic control mechanism raises or lowers farm implements automatically, permits pre-selection or changing tool depth or height of cut. Tested safety features for both operator and machine free operator's hands and feet for greater safety. Operation is controlled by easy-to-reach, simple-to-use, finger-tip lever. Uni-Matic Power reduces fatigue, labor, and drudgery. See Your Neighborhood Neighborhood MM Dealer For Complete Facts.

UNI-MATIC POWER Gets More Work Done Every Hour

MINNEAPOLIS - MOLINE
MINNEAPOLIS 1, MINNESOTA



Universal U and MM Wheatland Disc Plow with Seeder Cut Soil Preparation Costs



Standard U and MM Drill Plow
Uniform Seed Bed Faster



BANKING NEWS

Woollen and Dart Will Address Convention of Institute at Portland

Program Is Outlined by President P. N. Hauser

Guest speakers at the 47th annual convention of the American Institute of Banking will be Evans Woollen, Jr., president of the American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis, and J. Leroy Dart, president of the A.I.B. in 1940-41 and now president, The Florida National Bank, Jacksonville.

Pierre N. Hauser, national president of the Institute and vice-president, The First Wisconsin National Bank, Milwaukee, has announced the main features of the convention, which will be held at the Hotel Multnomah, Portland, Ore., May 30 through June 3.

Mr. Woollen will address the first general business session on Monday, May 30, discussing the place of the Institute in the over-all program of the A.I.B. At the same session, C. B. Stephenson, vice-president of The First National Bank of Portland and president of the Portland Clearing House Association, will welcome the delegates. Mr. Stephenson is general chairman of the Convention Committee. Mr. Dart will speak at the final business session on Friday morning, June 3.

Jones Fund to Aid Debaters

Among the other outstanding events on the Convention program is the A.I.B. National Convention Debate, which, for the first time, will make use of the newly established Jesse H. Jones National Convention Debate Fund. The fund will provide chapter debate teams winning the semi-final debates with expenses to Portland to compete in the national finals to be held Tuesday night, May 31.

The National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes, which were established in 1926, will be held



Evans Woollen, Jr.



J. Leroy Dart

Monday night, May 30. This fund provides cash prizes for the winners of the national (CONTINUED ON PAGE 87)

Western Trust Men to Meet in Salt Lake City for A.B.A. Conference

The 23rd annual Western Regional Trust Conference will be held in Salt Lake City, Aug. 17, 18, and 19, it is announced by H. M. Bardt, president of the Trust Division of the American Bankers Association. Mr. Bardt is vice-president and senior trust officer of the Bank of America N. T. & S. A., San Francisco.

The host will be the trust division of the Utah Bankers Association. The states represented include: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

The general chairman of the conference is William J. Fitzpatrick, assistant vice-president, Walker Bank and Trust Company, Salt Lake City.

The officers of the A.B.A. Trust Division and the Utah committees are working on the details of the conference program.

Tentative A.I.B. Convention Calendar

Here is the tentative program for the A.I.B. Convention:

MONDAY, MAY 30

- A.M. Registration and Sightseeing
2:00 P.M. First Business Session
8:30 P.M. National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes

TUESDAY, MAY 31

- 9:30 A.M. Educational Conference (first session)
2:00 P.M. Educational Conference (second session)
8:30 P.M. Trust Business and Investments Conference
National Convention Debate

WEDNESDAY, JUNE 1, 1949

- 9:30 A.M. Women's Conference
Business Development and Advertising Conference
Credits Conference
P.M. Outing (afternoon and evening)

THURSDAY, JUNE 2, 1949

- 9:30 A.M. Public Relations Conference
Bank Management and Operations Conference
2:00 P.M. Chapter Administration Conference
Savings Conference
8:15 P.M. Caucuses

FRIDAY, JUNE 3, 1949

- 10:30 A.M. Second Business Session
9:00 P.M. Grand Ball

Personal Money Book Is Revised by A.B.A.

Helps Banks Advise on Home Budget Problems

Revision of *Personal Money Management* by the Committee on Personal Money Management of the Savings and Mortgage Division, American Bankers Association, makes available to bankers up-to-date aids in advising customers how to arrange family income.

Charles A. Post, president, Citizens Savings Bank, Providence, R. I., is the chairman of the committee. He and his associates have devoted several months of research to the preparation of this revision.

Customers seeking a guide to better income control will find this 24-page booklet as easy to use as the cookbook and the dictionary. Its eight chapters are supplemented by a bibliography and a chart suggesting intelligent distribution of income.

Starting with "Money and Wise Spending," the text unfolds by chapters the key to money management. "A Savings Program" suggests definite savings plans for families of varying income; "Food," tells how to stretch the food dollar and stay healthy; "Clothing," how to avoid the closet full of bad bargains and to become well dressed at low cost; "Shelter," suggestions on whether to rent, to buy, or to build; "Household Operating Expense" shows the flexibility of seemingly fixed charges; "Advancement," the effect of expenditures on spiritual, mental, and social phases of life.

The bibliography lists non-technical books.

Besides Mr. Post, the Committee on Personal Money Management is composed of: D. W. Hogan, Jr., vice-president, City National Bank and Trust Company, Oklahoma City, Okla.; Sarah J. MacLeod, director, home economics bureau, Society for Savings, Cleveland; Mabel F. Thompson (CONTINUED ON PAGE 88)

Western Bankers Hear Discussion of Savings, Mortgage Topics at San Francisco Meeting

The Western Savings and Mortgage Conference is being held at the Hotel St. Francis in San Francisco on Apr. 4 and 5 under auspices of the Savings and Mortgage Division of the American Bankers Association.

Linden L. D. Stark, chairman, General Conference Committee, and vice-president, The Anglo California National Bank, San Francisco, calls the conference to order.

Other speakers at the opening session include: William A. Marcus, president of the Division and senior vice-president, American Trust Company, San Francisco, who speaks on "Trends in Savings and Mortgage Business"; John B. Mack, Jr., deputy manager, American Bankers Association, "Savings and Mortgage Promotion"; and Rowland R. McElvare, Division vice-president and senior executive vice-president, Bank for Savings, New York. His topic is "Merchandising the Savings and Mortgage Business."

Mortgage Lending Session

Second session speakers are: J. R. Dunkerley, A.B.A. deputy manager and Division secretary, who talks on "Mortgage Officers in the Savings Business"; Thomas L. Nims, Division assistant secretary, "The Human Side of Mortgage Servicing"; Franklin D. Richards, commissioner, Federal Housing Administrator, Washington, "FHA Objectives,"

Plans, and Prospects"; and Thomas B. King, director, loan guaranty service, Veterans Administration, Washington, "Outlook for Improvement in GI Lending."

Evans Woollen, Jr., president of the American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis, is scheduled to speak at an evening banquet on "Mortgage Lending in a High Real Estate Market."

Other Topics

Raymond D. Smith, executive vice-president, San Francisco Real Estate Board, is the first speaker at the third session. His topic is "Rental Housing—Today and Tomorrow." Other speakers include R. Douglas Burrows, vice-president and chief appraiser, Security First National Bank, Los Angeles on "What Should We Expect of Our Appraisers"; and Richard L. Adams, professor of agricultural economics, University of California and chairman of the board, Federal Land Bank of Berkeley, on "Western Farm Prospects and Farm Mortgage Lending."

Jesse W. Tapp, vice-president, Bank of America, N. T. & S. A., will preside at a farm mortgage luncheon preceding the final session of the conference.

Joseph R. Jones, vice-president, Security First National

Woollen and Dart Will Address Convention

(CONTINUED FROM PAGE 86)

public speaking contest finals and pays expenses of contestants to the convention.

Other convention sessions will be devoted to educational conferences on various phases of banking such as trust business and investments, business development and advertising, credit, public relations, bank management and operations, small business, and savings banking. Conferences will also be held on A.I.B. chapter administration and activities, and a special conference for women delegates will take place.

Social activities will include an outing Wednesday afternoon and evening, and the grand ball on the night of June 3.

The convention will be attended by delegates from the more than 400 A.I.B. chapters and study groups throughout the nation, representing over 85,000 Institute members.

Bank, Los Angeles, will act as chairman of a panel functioning as an "Executive Committee Discussing Mortgage Loan Policies" at the concluding session. Other panel members are Harold J. Mendon, vice-president, California Bank, Los Angeles; Stuart C. Frazier, executive vice-president, Washington Mutual Savings Bank, Seattle; and Linden L. D. Stark, vice-president, The Anglo California National Bank, San Francisco.

A.B.A. Issues Manual on Supply Purchasing

New Book Aims at Lowering Bank Costs

To help banks lower costs by efficient and economical purchasing of supplies, the Bank Management Commission of the American Bankers Association has published a new 79-page manual, "Bank Purchasing Procedure."

E. V. Kriek, chairman of the Commission, senior vice-president and cashier of the American Trust Company, San Francisco, in announcing the new manual emphasized that "bank supplies constitute an important item in a bank's expenses; and therefore, in the interest of economy, the skillful and efficient purchasing of these supplies is highly important."

The manual is divided into several sections covering the purchasing officer, purchasing procedure, inventory and stockroom control, specific supplies, miscellaneous supplies, and reference material.

Commission's Agenda

The Commission's agenda of new business for this year includes an effort to induce banks to give more complete wire advices information so that receiving banks can more easily identify items in question. The Commission will also work for a change in procedures of claim draft issuance by insurance

(CONTINUED ON PAGE 88)

A.B.A. Bank Management Commission in session at Mobile, Ala. Clockwise around table, George R. Amy, A.B.A. deputy manager and secretary, Country Bank Operations Commission; A. K. Davis, senior vice-president, Wachovia Bank and Trust Company, Winston-Salem; James H. Kennedy, vice-president and cashier, Philadelphia National Bank; Robert C. Tait, vice-president, Mellon National Bank and Trust Company, Pittsburgh; Melvin C. Miller, A.B.A. deputy manager and Commission secretary; E. V. Kriek, senior vice-president and cashier, American Trust Company, San Francisco; Richard W. Trefz, president, Beatrice (Nebr.) State Bank; Raymond C. Deering, comptroller, Manufacturers Trust Co., New York; Wilbur F. Lawson, vice-president, First National Bank, Boston; E. L. Stucker, vice-president, National Bank of Tulsa; Sidney M. Price, president, First National Bank, Malden, Mass.; C. Edgar Johnson, vice-president, First National Bank, Chicago



New Bank Ads

"American Banking in Action" is the theme of a new 52-newspaper ad series prepared by the Advertising Department of the American Bankers Association and available to member banks.

This series, illustrated with scratchboard drawings, has a two-fold purpose: First, to clarify public opinion about the function of banks; and second, to sell bank services. Each ad carries a thumbnail dissertation tying in some phase of the American free public enterprise system with banking.

Two other newspaper series of 12 ads recently released by the Department feature banking by mail and home repair loans. The home repair ads use such objects as a pair of worn out shoes, a mail truck, and an umbrella to drive home the convenience of this service. The home repair loan ads are humorously illustrated with cartoons by Dick Ericson.



is always in style

DEPOSIT HERE REGULARLY
—AND HAVE READY CASH
WHEN YOU NEED IT MOST.

One of the new display cards of the A.B.A. Advertising Department

Three new direct mail enclosures for use with monthly statements, note notices, safe deposit box bills, dividend notices, and other outgoing mail are also available.

Six 12-message (front and back) 6 x 9 display cards, attractively printed in two colors and featuring savings services, are a part of the Department's recent advertising offerings.

A.B.A. Issues Manual on Supply Purchasing

(CONTINUED FROM PAGE 87)

companies, and draft a manual on opening new accounts.

Unfinished projects that will continue to receive the Commission's attention include: revision of its booklets on cost accounting, credit department organization, and simplified banking forms and procedure.

Also, the Commission will work with the Post Office Department in developing changes of procedure for handling postal money orders and postal notes; continue to promote the check routing symbol and transit instruction programs; prepare a leaflet on service charges to show customers what they get for their money; work toward streamlining computation of the FDIC deposit base; revise the Commission's booklet on uniform account analysis; a study of U. S. Government bond safekeeping and accounting procedures; revise the A.I.B. textbook *Bank Management*; continue to work for

simplification of bank endorsement stamps; endeavor to get changes in state laws permitting delayed return of unpaid items; issue a supplement to the booklet *Aids and Suggestions for Improving Bank Operations*; revise the Commission's investment booklets; work for safer practices in the certification of checks; and cooperate with the Treasury Department on questions involving handling of Federal tax payments.

Personal Money Book

(CONTINUED FROM PAGE 86)

son, assistant secretary, Union Dime Savings Bank, New York; William A. Marcus, senior vice-president, American Trust Company, San Francisco, and president, Savings and Mortgage Division; Rowland R. McElvare, senior executive vice-president, Bank for Savings, New York, and vice-president, Savings and Mortgage Division; and J. R. Dunkerley, deputy manager of the American Bankers Association and Division secretary.

CALENDAR

American Bankers Association

Apr. 4-5	Country Bank Operations Commission, Hotel Fontenelle, Omaha, Nebraska
Apr. 4-5	Western Savings and Mortgage Conference, Hotel St. Francis, San Francisco, Calif.
Apr. 24-26	Executive Council, French Lick Springs Hotel, French Lick, Ind.
May 30-June 3	A.I.B., Annual Convention, Hotel Multnomah, Portland, Ore.
June 20-July 2	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
Aug. 17-19	Western Regional Trust Conference, Hotel Utah, Salt Lake City, Utah
Oct. 30-Nov. 2	Annual Convention, San Francisco, Calif.

State Associations

Apr. 8-9	New Mexico, Hilton Hotel, Albuquerque
Apr. 9-12	Florida, Columbus and McAllister Hotels, Miami
Apr. 13-15	Georgia, Sheraton Bon Air Hotel, Augusta
Apr. 24-26	Louisiana, Buena Vista Hotel, Biloxi, Miss.
Apr. 27-29	Central States Conference, Brown Hotel, Louisville, Ky.
May 2-3	North Carolina, The Carolina, Pinehurst
May 5-6	Oklahoma, Mayo Hotel, Tulsa
May 6-7	South Dakota, Alonzo Ward Hotel, Aberdeen
May 9-10	Maryland, Hotel Traymore, Atlantic City, N. J.
May 9-10	South Carolina, Ocean Forest Hotel, Myrtle Beach
May 9-11	Missouri, Hotel Muehlebach, Kansas City
May 10-11	Tennessee, Hermitage Hotel, Nashville
May 11-12	Indiana, Claypool Hotel, Indianapolis
May 12	Delaware, Wilmington Country Club, Wilmington
May 12-13	Massachusetts, New Ocean House, Swampscott
May 12-14	New Jersey, Hotel Traymore, Atlantic City
May 13-14	Alabama, Jefferson Davis Hotel, Montgomery
May 17-18	Mississippi, Buena Vista Hotel, Biloxi
May 18-20	Kansas, Kansas City, Mo.
May 18-20	Pennsylvania, Hotel Traymore, Atlantic City, N. J.
May 22-24	California, Huntington Hotel, Pasadena
May 23-25	Arkansas, Arlington Hotel, Hot Springs
May 23-25	Texas, Texas Hotel, Fort Worth
May 25-26	Ohio, Netherland Plaza Hotel, Cincinnati
*June 3-4	New Hampshire, Wentworth-By-The-Sea, Portsmouth
*June 3-4	Savings Banks Association of New Hampshire, Wentworth-By-The-Sea, Portsmouth
June 5-7	Oregon, Hotel Multnomah, Portland

June 6-7	Utah, Sun Valley Lodge, Sun Valley, Idaho
June 8-9	Minnesota, Hotel St. Paul, St. Paul
June 9-11	Wyoming, Casper
June 13-14	Idaho, Shore Lodge, McCall
June 15-16	Illinois, Hotel Jefferson, St. Louis, Mo.
June 16-19	District of Columbia, The Greenbrier, White Sulphur Springs, W. Va.
June 16-18	Michigan, Hotel Statler, Detroit
June 16-19	New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J.
June 17-18	North Dakota, Clarence Parker Hotel, Minot
June 17-18	Vermont, Equinox House, Manchester
June 18	Nevada, Reno
June 20-21	Washington, Davenport Hotel, Spokane
June 20-22	Wisconsin, Schroeder Hotel, Milwaukee
June 23-25	Colorado, Hotel Colorado, Glenwood Springs
June 23-25	Montana, Old Faithful Inn, Yellowstone Park
June 24-25	Connecticut, Equinox Hotel, Manchester, Vt.
June 24-25	Savings Banks Association of New Jersey, Nassau Tavern, Princeton
June 24-26	Maine, Poland Spring House, Poland Spring
June 27-29	Virginia, The Homestead, Hot Springs, Ark.
Aug. 25-27	West Virginia, The Greenbrier, White Sulphur Springs
Sept. 11-14	Savings Banks Association of Maine, Marshall House, York Harbor
Oct. 9-11	Kentucky, Brown Hotel, Louisville
Oct. 16-17	Savings Banks Association of Connecticut, Mountain View House, Whitefield, N. H.
Oct. 17-19	Iowa, Hotel Fort Des Moines, Des Moines

* Joint Meeting

Other Organizations

Apr. 4-5	Mortgage Bankers Association of America, Second Regional Clinic, Hotel Commodore, New York City
May 12-14	National Association of Mutual Savings Banks, Hotel Statler, Washington, D. C.
May 22-25	American Industrial Bankers Assn., Hotel Gibson, Cincinnati, Ohio
May 25-28	Eastern Regional Conference, National Association of Bank Auditors and Comptrollers, Mayflower, Washington, D. C.
Sept. 19-21	Mortgage Bankers Association, Palmer House, Chicago
Oct. 23-26	National Association of Bank Auditors and Comptrollers, Bellevue-Stratford Hotel, Philadelphia, Pa.

A Meetingful of Savings and Mortgage Ideas

THE need for low-cost housing and modern methods in savings banking were emphasized at the two-day annual Savings and Mortgage Conference under the auspices of the Savings and Mortgage Division of the American Bankers Association in New York last month. Upward of 850 savings and mortgage officers representing banks in the eastern states attended the conference and took a lively interest in discussions.

Various systems for handling Christmas and other club accounts were explored and a new method of handling savings accounts without a passbook was visibly presented through a slide film and live commentary. Machines and other savings banking equipment were on exhibit in the hotel so that savings and mortgage men could get a first-hand view of new operating techniques.

Investment problems of a bank were dramatized through a meeting of the investment committee of a hypothetical bank with assets of \$20,000,000. Under present economic and market conditions the committee decided that the best investment policy to pursue would be to: (Picture on page 34.)

(1) Set up and segregate secondary reserves.

(2) Amortize all future bond premiums.

(3) Reduce corporate bond holdings and to make certain trades in them to improve quality.

(4) To invest present available cash in U. S. Treasury one-year Certificates of Indebtedness.

(5) To change certain present medium-term holdings of bank eligible U. S. Government bonds into longer term restricted issues.

(6) To retain present interest dividend rate of 1½ percent, in view of present earnings possibilities.

First conference session speakers in an after-meeting post mortem on the area covered. Left to right, Arthur T. Roth, president, Franklin Square (N. Y.) National Bank; Savings and Mortgage Division Secretary Dunkerley; Savings President Marcus; Mr. Steuart; and Mr. Burns



Low-cost housing, mortgage servicing, community planning, and the merchandising of savings and mortgage business were among the other subjects developed by authorities in these fields.

William A. Marcus, president, Rowland R. McElvare, vice-president, and J. R. Dunkerley, secretary of the Savings and Mortgage Division, took turns at presiding over the conference sessions.

Interest in the program was exceptionally keen and BANKING presents brief extracts from some of the talks. Others will appear next month.

Thrift the Basis of American Democracy

WILLIAM A. MARCUS, president, Savings and Mortgage Division, American Bankers Association, and senior vice-president, American Trust Company, San Francisco

The savings depositor looks primarily to safety of principal and availability of cash when needed, thus placing interest return in a secondary position. The

Arriving bright and early, delegates stepped up to the registration desk and claimed their credentials, and then made beelines to the Educational Displays, next door in the Georgian Room

investor in share accounts of savings and loan associations hopes to get a higher return than from a savings bank and is willing to sacrifice immediate availability to get the greater dividend. The investor in insurance looks far ahead to provide financial income for his loved ones in case of death or to plan an annuity at the time of his retirement. When thoroughly understood by the depositor, shareholder, and insured, these three groups should supplement rather than compete with each other.

It is estimated that 64 million people have savings accounts in banks. There are six million shareholders in savings and loan associations, and the present number of policyholders in legal reserve life insurance companies is estimated at 78 million. In the case of banks and insurance companies, investment in bonds is important, but real estate loans are their largest revenue producers. In the case of savings and loan associations, nearly all of their employable funds are invested in real estate loans.

Against all savings deposits, banks have employed 27 percent in real estate loans. Against all share accounts, savings and loan associations are loaned up to approximately 100 percent. Insurance companies hold 19 percent of their assets in real estate loans. Thus, savings and loan associations must look either to new funds gathered from shareholders or to borrowing from Government agencies if further loans are to be made by them.

Banks and insurance companies, on the other hand, have a long way to go



Speakers on mortgages and housing. *Left to right, A.B.A.'s President Woollen; Housing's Administrator Foley; Johns Manville's Rassweiler; Savings Division's President Marcus; and the Division's Assistant Secretary Thomas L. Nims.*



before they would either reach their statutory limits for lending or exceed the voluntary limits set by themselves as constituting sound lending policies. With demand liabilities an important factor in commercial and departmental banks, those voluntary limits must naturally be lower than those set by strictly savings banks. On the other hand, insurance companies with virtually no demand liabilities have still greater leeway in this field than the banking groups. If 50 percent of pure savings accounts were considered an over-all average of safe lending for banks to employ in fully amortized, well selected real estate loans, mostly on residences, and if life insurance companies were to employ one-third of their assets in this field, there would be available today almost \$20 billion of mortgage money. So there is no real shortage of mortgage money in America.

Christmas and Other Small Accounts (Stamp System)

JAMES K. STEUART, vice-president,
Savings Bank of Baltimore

The plan which we devised has cut costs on this type of account about 50

percent. Convinced by our previous studies that the secret lay in preissuing the check, we finally found a check that could be set up to record the payments. On the face of the check, arrangements were made to accommodate 50 stamps. As each stamp is placed in its appropriate block, it immediately shows the increasing value of the check. Finally, the check was arranged to take care of the varying denominations; and the stamps were issued in different colors to correspond with the different values. The check can bear interest or designate penalty for incomplete checks as desired, and yet its value is instantly determinable. Without calculation, a stub with the check number, name or names of the payee, denomination, and date is kept by the bank.

After the first thrill of what was apparently a solution to all the problems, we were a bit staggered by the objections that occurred to us. Among them were counterfeiting, lost checks, wrong stamps on checks, wrong arrangement of stamps, detached stamps, outstanding checks, teller shortages and overs, controls and accounting, negotiating through stores and banks, and the ab-

sence of a way to tell how much is owed to any one individual.

However, all of the objections raised by us in the beginning, all the adverse opinions we held, did not prevent us from trying the plan in 1940. That was eight years ago, and it is amazing that only very minor instances of the many considered possibilities materialized, and now over 100 banks are using the plan.

Christmas and Other Club Accounts (Coupon)

HERBERT E. BURNS, comptroller, Provident Institution for Savings, Boston, Massachusetts

About 53 percent of the banks use some sort of coupon plan. This is the most generally accepted method for handling club accounts. This system requires a minimum amount of time and assures a maximum degree of accuracy.

There are many variations to the coupon system, but the principle is the same. It is simple and rapid in operation. It finds favor with depositors. The bank's record for the coupon system may be a ledger card, posting sheet, or self-filing folder.

A.B.A. Staff specialists were available for consultations. *Front to rear, Banker Peter DeLeeuw, Jr., Garfield, N. J., with A.I.B. Educational Director Leroy Lewis; A.B.A. Economist W. A. Irwin, with Bankers E. H. Jones, Waterbury, and S. R. Whitbeck, Northampton; Protective Secretary G. H. Hottendorf, with Banker A. P. Cole, Boston. Division Vice-president McElvare, right, who spoke on merchandising services at final session*





Visitors jammed the Educational Displays before and after sessions. Almost unprecedented interest was shown in exhibits on services, methods, machines, and bank and home building. Delegates took advantage of this opportunity to greet old friends and to make new ones



Reporting on Governments

SYLVIA PORTER, editor, *Reporting on Governments*, and nationally syndicated newspaper columnist

The debt management and fiscal policies of the Treasury and Federal Reserve Board will continue to exercise a profound influence on the trends of all investment markets for the rest of our lives. Only the institution which keeps closely informed at all times on the economic and political factors determining these policies and on actual debt management moves is taking a realistic attitude, and only that institution will be able to carry out a realistic investment program returning maximum income and profit within the bounds of appropriate safety.

The prospects for important shifts in Government debt management policies in the not too distant future should be carefully weighed by all banks. For in those shifts will lie definite opportunities for banks to improve their earnings while enhancing the safety of their portfolios. In them will lie definite clues to actions which banks should take in

spheres outside the highest-grade list, which is, of course, the Government market.

Many banks are overlooking opportunities in the Government market right now. Too many commercial banks are maintaining too-short maturity positions in Governments in view of today's economic and political realities and tomorrow's probable economic and political realities. They are making what amounts to a fetish of "being short for shortness' sake." This results in sacrifice of income where such sacrifice is not necessary.

The Banker—and Better Low Cost Housing

DR. CLIFFORD RASSWEILER, vice-president, Johns Manville Corporation, New York, New York

But you cannot get better homes for your community and protect your mortgage investments simply by urging the adoption of new things just because they are new. To use an old phrase, the woods are full of new ideas about how to solve the problem of providing better

low-cost homes. Inevitably the great majority of these ideas will prove unsound and fall by the wayside. If you are going to increase the security of your mortgage investments by stimulating and supporting sound technical advances in the building field, you must know enough about the technical side of building to be able to distinguish sound basic trends from fads and fancies.

There is too much feeling nowadays that the solution of the building problem is going to arrive full-blown from some secret research laboratory. Instead of coming to grips with solving the basic, practical problems of the industry, there is too much attempting to bypass these problems for some easy mass-produced solution.

It might seem natural to start by considering the possibility of utilizing cheaper raw materials for housing. We must recognize, however, that the construction industry already uses extremely low-cost raw materials.

This is no time to be pessimistic about the possibility of providing better

(CONTINUED ON PAGE 94)

An audience scene from one of the sessions

PICTURES BY WEINAN & LESTER



A Story no one else can tell

(WITH A HONEY OF A MORAL!)



IF you're interested in savings, you'll want to hear the savingsiest story in the U. S. A.

For 62 years American Mutual has never failed to pay policy-holders dividends, a record second to none . . .

Through depressions, recessions, wars and panics . . . Even today with rising costs, we still offer the chance for substantial savings.

If you're interested in round figures . . . We've saved policy-holders more than \$123,000,000 — which is fairly round!

The point is . . . are you saving as much as you should? And the point is . . . are you getting your own workman's compensation insurance and your employees' group accident and health policies? Is your bank getting its share?

No other liability insurance company in America can match our long time record for savings . . .

If your trust officers like to mull . . . isn't this record worth mulling over?

And, if they want to mull more . . . American Mutual's Specia

AMERICAN MUTUAL

...the first American liability insurance company

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'se can tell!!... by Mr. Friendly



should our E Loss Control Service* helps protect your industrial loans
your enjoy cutting down accidents and keeping production flowing
smoothly.

And it's included at no extra cost with every industrial policy!
The moral is simply this: If you want the stability of
America's oldest liability company . . .
the savings that mean real insurance economy . . . and the extra service that
few can match . . . better insure with
American Mutual.

Glad to sell you everything except life!

*Accident prevention based on principles of industrial engineering.

REMEMBER: ALL AMERICAN MUTUAL POLICIES ARE NON-ASSESSABLE

Total Assets	Total Liabilities	Total Surplus
\$93,824,384	\$76,441,097	\$17,383,287
Total Claims	Total Dividends to Policyholders	
\$313,426,622	\$123,275,137	

Nearly 80% of all assets in U. S. Gov't, first grade industrial,
railroad, public utility bonds.



Savings and Mortgage

(CONTINUED FROM PAGE 91)

ter homes at reasonable cost. The building industry is not a backward industry technically. It has a splendid past record of technical accomplishments. It is spending large sums of money toward achieving the new developments which will facilitate the building of better homes. My own company has just invested over six million dollars in research facilities directed primarily toward these objectives. But none of these accomplishments are of any value unless they are used. If these new developments are to result in better housing for low income families, they must be intelligently utilized by the local builders in your particular community. You are in a particularly favorable position to help in seeing that this is done.

The Banks' Part in the Housing Program

RAYMOND M. FOLEY, administrator, Housing and Home Finance Agency, Washington, D. C.

Bringing down the cost of housing is a prime necessity.

It won't be brought down just by talking about it. And it should not be brought down by the devastating process of depression. It can be brought down gradually and to a very helpful degree by a concerted effort throughout the industry to effectuate economies in cost without reducing standards of construction or of livability. No one part of the industry can do that alone.

The bankers of this country—you in your communities—have a very great stake in this undertaking, as you have in the whole of the housing scene. It is not just an opportunity to make some loans. It is not just a chance to participate in some meetings. Rather, it is an opportunity to demonstrate the active, effective, constructive part the lending institution can play in a progressive, cooperative community movement toward better housing. Your stake, indeed, is more than one of money. It is also one of public relations in a particularly vital way.

There are a great many ways in which you bankers can put your influence, and the funds you control, soundly and constructively to work in this field. I urge you to review the whole matter. I am happy to offer you the full cooperation of the Housing and Home Finance Agency in your application of your resources to the job.



Governments' Reporter Porter
See page 91

Mortgage Lending in a High Real Estate Market

EVANS WOOLLEN, JR., president, American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis, Indiana

The banks of the United States have done an outstanding job in supplying funds for home borrowers. Mutual savings banks increased their mortgage loans from \$4.8 billion in 1938, to \$5.6 billion at the end of 1948. Commercial banks increased their holdings in mortgage loans during the same period from \$3.8 billion to \$11 billion. Other lending institutions have similarly increased their mortgage portfolios. A home financing boom has been on in earnest.

Banks have had the privilege of extending substantial mortgage credit to veterans who have earned whatever sound assistance a grateful country can give them. The battle for veteran housing has not yet been fully won, but our progress towards winning it is evidenced by \$7,811,197,177 outstanding GI home loans.

One cannot help but wonder, however, whether in this great expansion in mortgage credit many homes may not have been purchased by individuals who do not understand or fully appreciate what home ownership entails. The need for maintenance and repair, taxes, and steady repayment of mortgage debt has not yet been fully felt by some borrowers.

Our economy responds inevitably to the pressures of supply and demand, and the market level at which loans for homes may be safely made varies re-

markably. In any real estate market, there is a point between the demand of borrowers for mortgage credit and the necessary caution of lenders at which a loan can be safely negotiated.

It is important that mortgage lenders in a high real estate market keep in mind the need for setting up reserves against losses and that the rates charged should be sufficient to permit the creation of such reserves. It is important under the present conditions that the utmost intelligence be exercised in deciding upon the terms and conditions of the loan and in determining the responsibility and capacity of the borrower.

Your Bank and Community Planning

PAUL WENDELS, president, Regional Plan Association, New York, New York

As savings bankers, you are primarily mortgage lenders. As such, you have a vital stake in community development. The security of your holdings depends on the quality as well as the quantity of community growth. You are interested in many phases of community development. You have your own bank investments and properties. Your depositors have financial interests in various developments in the community. You are all concerned with civic improvements. You must consider public projects in the light of their effect upon both your investments and the future of the community concerned.

There is a trend of industry and other enterprises which employ people to locate in the outer areas. The central stores likewise are opening branches in suburban areas. Whether these trends will reduce the amount of travel so that our present transportation system will prove adequate to the demands of the future, or whether we have to invest in costly transportation improvements in order to haul an increasing number of people longer and longer distances is a major problem facing cities today.

As citizens and as mortgage lenders, you can exercise tremendous influence in your communities. The policies which you adopt with regard to lending on new development and redevelopment, and the standards which you require can make or break the communities in which you have your investment. The experience of all communities demonstrates that the values upon which the mortgagee must rely for the security of his investment have been and will continue to depend on the protections to be found in community planning.

Farm Aid Program

(CONTINUED FROM PAGE 55)

up-to-date and cooperate with the Bank Management Commission to make it available to country banks. George H. Stebbins, president, Simsbury Bank and Trust Company, Simsbury, Connecticut, heads this committee.

Other suggestions presented by the Credit Files and Merchandising Committee included these points:

(1) That the Commission make a study of the farm account books that have been developed in practically all states by the colleges of agriculture. The purpose of this study would be to determine the degree to which proper financial records are included in these account books that would be useful to the farmer and the country bankers and be acceptable for use in Federal income tax returns.

(2) That the Commission recommend that a committee be set up in each state to develop and circulate minimum farm credit file for use by country banks.

Current facts concerning the trends of net farm incomes and their effects on the prices of farm lands in the various states will continue to be published by the Commission.

Legislation and CCC Loans

A report on the legislation affecting agricultural credit introduced so far in the 81st Congress was presented by John N. Thomson, chairman of the Subcommittee on Agricultural Credit of the Committee on Federal Legislation. Mr. Thomson is president, Bank of Centerville, South Dakota.

M. J. Hudtloff, comptroller of the Commodity Credit Corporation, Washington, also appeared on the program and discussed the requests that have been made by the Commission for an increase to banks in the share of the interest paid by the farmers on Commodity Credit Corporation loans. He gave assurances that a study is now being made by the CCC of the interest rates on commodity credit loans secured by farm products and stated that the results of the study will be known very soon.

At present the farmer-borrower pays a three percent rate which is equally shared by the Commodity Credit Corporation, which guarantees the loan, and the bank which makes the loan. In the face of increased bank operating

costs, banks in all sections of the country have reported the income from commodity credit loans insufficient to pay the expense of making and servicing such loans.

Land Prices

The work of the Farm Land Prices Committee was expanded to include studies of the relationships between farmers' costs and income as they may affect farm land prices. These studies will be undertaken from the standpoint of their bearing on farm mortgage loans as proper investments for commercial banks.

This committee was also authorized to include in the scope of its activities an educational program which would emphasize the importance of proper amortization of farm mortgage loans. This, it was pointed out, would recognize the increasing need for a plan of repayment of any mortgage that is commensurate with the ability of the farmer to produce income, thus making proper amortized farm mortgage loans desirable ones for a substantial portion of the country banks' long-term investment portfolios. Jesse W. Tapp, vice-president, Bank of America, San Francisco, and chairman of the Farm Real Estate Prices Committee, spoke for this group.

Building Financial Reserves

With a backward glance at the catastrophic decline in farm earnings in the early 1920s and an eye to the future, the Commission restated its long-term program of encouraging farmers to build and maintain adequate financial reserves through the purchase of U. S. Savings Bonds to tide them over a possible drastic slump in income.

A detailed outline for accomplishing this goal was presented by Dr. Van B. Hart, professor of farm management, New York State College of Agriculture, Ithaca, who is a member of the Commission's Advisory Council. Dr. Hart's ideas on this subject were approved and will be used in the Agricultural Commission's educational program. Steps to be followed in this connection include a mailing to country bankers around May 1, containing the U. S. Treasury's farm leader folder *1949 Opportunity for Farm and Ranch Families*; farm Savings Bond stuffer, *Plant Your Dollars*; and copy of the special dairy farm stuffer. Additional copies of these folders will be available through the Commission.

According to present plans, the Commission will send key bankers a suggested 10-minute talk on farm financial

reserves, with a letter recommending that they contact county Savings Bond chairmen about key bankers and other bankers making talks at farm meetings. Also, banks will be encouraged to display the Treasury's farm Savings Bond poster. It will be suggested that they request the Treasury to provide a special country bank-farm poster for use next fall and that they tell the Treasury what type of poster they could use.

Other Speakers

Another feature of the meeting was a panel discussion by members of the Commission's Advisory Council. The theme of the discussion was "Advice on What to Do and How to Do It Better for Country Banks Serving the Financial Requirements of Farmers." In addition to Dr. Hart, participants included Paul W. Chapman, dean, College of Agriculture, University of Georgia, Athens; and Thomas H. Summers, senior agricultural economist, Colorado State College of Agriculture, Fort Collins.

Evans Woollen, Jr., president of the American Bankers Association and chairman of the board, Fletcher Trust Company, Indianapolis, was one of the guest speakers. His topic was "What the A.B.A. Expects of the Agricultural Commission." E. M. Putney, vice-president, Ralston Purina Company, St. Louis, spoke at an evening dinner meeting on sales techniques.

Commission members and guests, aside from those already mentioned, attending the Kansas City meeting included V. S. Marett, president, Gonzales (Texas) State Bank; Frank R. McGeoy, Jr., president, Bank of Greenwood, Mississippi; Fred M. Bowman, executive secretary, Kansas Bankers Association, Topeka; E. J. Evans, chairman, agricultural committee of the Missouri Bankers Association, Amsterdam; and John H. Crocker, vice-president, Citizens National Bank, Decatur, Illinois, a member, Subcommittee on Agricultural Credit.

Members of the A.B.A. staff from the headquarters office in New York included A. G. Brown, deputy manager in charge of the Agricultural Commission; Edgar T. Savidge, Jr., secretary, Agricultural Commission; George R. Amy, deputy manager and secretary of the Country Bank Operations Commission; G. Edwin Heming, assistant manager, A.B.A. Advertising Department; Eugene C. Zorn, Jr., assistant secretary, Commerce and Marine Commission; and John L. De Jong, assistant director, News Bureau.



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"A Bank Helps People in Many Ways"

(CONTINUED FROM PAGE 39)

preparation for writing a story entitled *What I Learned at the Bank*: teller, signature card, deposit slip, currency, coins, bank manager, bookkeeper, savings account, checking account, bank book, borrow, bill, withdraw, check, loans, interest, credit, filed, note, safe.

In addition to their story, the pupils write a letter of appreciation to the bank manager. Quite frequently they plan talks to be given to other classes, and also make a few posters for display in the halls.

The following story entitled *A Visit to the Bank*, is typical of many of the stories written by the children.

"A VISIT TO THE BANK"

A bank helps people in many ways. They encourage savings accounts and schools savings accounts. When you start a savings account or a schools savings account you first sign and fill out a signature card, then a deposit slip, and each time you make a deposit you sign a deposit slip. After signing the signature card and the deposit slip you go to the teller and give him your money. Then he gives you a pass book or a bank book and marks the date you started your account and how much you put in. Then when you make a deposit you sign a deposit slip and give your money to the teller. The teller marks your pass book with the date and the amount you deposited. There are many uses for the schools savings account—for instance, money for college, a bicycle, or a motor scooter, and many other things.

The loan department of a bank is a great source of income to

the bank. There are many uses for loans such as: To buy an automobile, to build a home, for business, to remodel a house, to buy furniture, or for sickness. The bank first studies the character of the person who is to borrow the money. The loan is paid back monthly with about 5 or 6 percent interest. The loan is usually paid back by check.

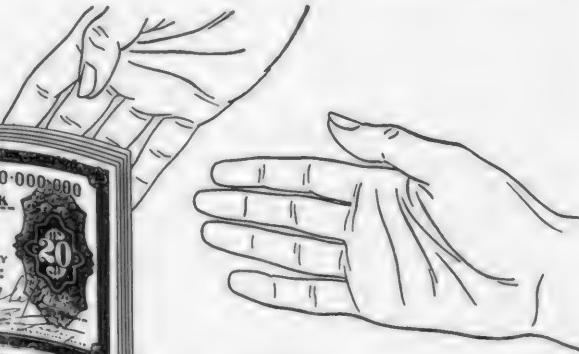
A bank has many expenses. They have to pay the tellers and the bookkeepers and everyone who works in the bank. There are also the supplies, equipment, utilities, and maintenance of the building, insurance which covers fire, theft, and Federal insurance.

The bank protects your money in its vaults, which are locked by time locks and a combination. If the time lock has been set it can't be opened until the time runs out. In the top of the vault is an alarm system which would go off in the Police Station and the robber could not hear it. This alarm would go off if somebody just clapped their hands while in the bank vault. The bank also protects your money by Federal insurance which covers your account up to \$5,000.

The purpose of a safe deposit box is to protect valuables that you don't want to carry with you. The cost of a safe deposit box varies between \$5 and \$25 a year. To get into your box you must first sign a signature card and then the box must first be half-way opened by a master key then all the way opened by your key. (By Jene La Rue, A6, Canfield School.)

Nothing dies faster than a new idea in a committee meeting.

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You can give your customer a real helping hand when he withdraws funds for his trip . . . Hand him his wallet of National City Bank Travelers Checks.

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able everywhere; remains good until used; and if lost or stolen, the full value is refunded.

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HEARD ALONG MAIN STREET

Happy Mike

MIKE WAUTERLEK of The Northern Trust Company, Chicago, is a happy man. He says so himself.

MIKE is in the building department. Back in 1944, when he joined the Quarter Century Club, he made a little speech. He said:

"I'm glad that I'm not in Russia. I'm glad that I'm in the United States. I'm glad that I'm with this wonderful bank."

Today, recalls the bank's magazine, *The Northerner*, MIKE is approaching his 30th year with the trust company, and he's ready to amplify that speech.

"Lots of times," he says, "I want to talk with the young men and women I know in the bank and other places when I see they are discouraged. They would never feel that way if they could know what I know about living in other countries. But people are so hard to convince, I don't often say much to them."

Back in 1913, reports *The Northerner*, MIKE left the Russian village where he lived with his family and came to the United States, alone. He went to Chicago where he knew some Russians.

"Those people were supposed to advise me on how to get work," he reminisces. "I couldn't speak a word of English. They advised me right away. They said, 'Go ahead and make your own living.'"

So he did. His first job was with a steel company, his second with the Merchants Loan and Trust Company of Chicago. In 1919 he moved to the Northern.

"Here," he says, "I want to stay as long as I work. Here I am happy."

He's an American citizen and has six children, one of whom, a married daughter, also works at the bank.

Folks who are happy in the U. S. A., MIKE says, "just don't know the trouble they are missing." They should go back to the old country—"any old



Mike Wauterlek



A. J. Vogel

country"—so that they'd realize what they have here.

MIKE has tried to reason with people who are unhappy. "They should know that someone is always going to be richer, more powerful. Everybody has a boss to work for. The business people have customers who are their bosses.

"There are a lot of agitators who try to arouse people and make them dissatisfied with America. I don't know what to do about those people. They have a right to talk. But many times I have made offers to them to pay one-way fare if they wanted to go back to live for a year in any other country. If they liked that country better than America after one year, I would lose my money. If they wanted to come back to America, they were to pay me back."

But Mike, observes *The Northerner*, never had any takers.

Federal Advisory Council

EDWARD E. BROWN, chairman of The First National Bank of Chicago, has been reelected president of the Federal Advisory Council. Other officers are: First vice-president, CHARLES E. SPENCER, JR., chairman, The First National Bank, Boston; second vice-president, ROBERT V. FLEMING, president and chairman, Riggs National Bank, Washington, D. C.; directors, W. RANDOLPH BURGESS, chairman, executive committee, The National City Bank of New York; FREDERIC A.

POTTS, president, The Philadelphia National Bank; and SIDNEY B. CONGDON, president, The National City Bank, Cleveland; secretary, HERBERT V. PROCHNOW, vice-president, The First National Bank of Chicago.

ALVIN J. VOGEL is now vice-president and coordinator of administration in the operating department of the Central National Bank in Chicago. For the past four years executive secretary of the National Association of Bank Auditors and Comptrollers, Mr. VOGEL is on the teaching staffs of the American Institute of Banking and the Central States School of Banking at the University of Wisconsin.

JUSTIN D. BOWERSOCK, III, formerly vice-president of the Union National Bank, Kansas City, Missouri, has become executive vice-president of the Union Trust Company of the District of Columbia.

DAN D. ROGERS, chairman of the Cotton Bowl Athletic Association, has been elected active chairman and a director of the National City Bank of Dallas. Mr. ROGERS began his banking career as a runner at the Guaranty State Bank and Trust Company of Dallas in 1909. In 1922 he became vice-president of the Southwest National Bank and since 1925 has been vice-president of the Mercantile National Bank, from which position he resigned to take over his new duties at the

(CONTINUED ON PAGE 100)

J. D. Bowersock

F. D. Rogers



"Imagine! I'VE JUST FINISHED THREE
DAYS' ACCOUNTING IN *two*!"



"And there's nothing to it . . . thanks to my new Remington Rand machine. It's so much faster!

"Those days when we stayed late and scrambled to get out trust account statements are gone forever. And loan and discount accounts and mortgage loan records are always current, too. I never knew accounting records could be turned out so easily.

"But you should have heard what the boss said yesterday. He figures these new bookkeeping machines will pay for themselves in a matter of months. No

more overtime . . . no more tired girls getting on each other's nerves . . . no more complaints about overdue work from upstairs. We're saving so much time that two of the girls are now doing work we've never before been able to get at.

"Yes . . . we're actually doing three days' bookkeeping in two . . . and I'll bet these machines will do the same for you."

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Lucite cover plate magnifies all register totals for easier reading and transcribing . . . registers quickly repositioned for new applications.

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National City. He is prominent in Texas educational and athletic projects.

AUGUSTUS H. KENNEDY, president of First Bank Stock Corporation of Minneapolis since 1941, and ELLWOOD O. JENKINS, vice-president since 1947, have been made chairman and president, respectively. Mr. KENNEDY succeeds CLIVE T. JAFFRAY whose withdrawal as chairman rounded out 20 years of service to the company. He will continue as a director.

ROBERT N. CARSON has been elected a vice-president of the Lawyers Trust Company, New York.



Irene Parsons



Kline McGee

IRENE PARSONS has been made junior vice-president of Citizens National Trust & Savings Bank of Los Angeles. Twice president of the National Business and Professional Women of Los Angeles, she is active in the American

Institute of Banking and has been chairman of its Women's Committee.

KLIN McGEE, formerly cashier and trust officer of the First National Bank of Wichita Falls, Texas, is now a vice-president of the National City Bank of Dallas.

ALEX H. ARDREY, vice-president in charge of the banking department of Bankers Trust Company, New York, has been made executive vice-president, a new office. B. A. TOMPKINS, vice-president since 1920, is now senior vice-president.

Railroader Wiggins

THE little building beside the Atlantic Coast Line tracks at Hartsville, South Carolina, was the passenger station 20 years ago, but now it's the office of A. LEE M. WIGGINS, chairman of that railroad and of the Louisville and Nashville as well.

The *State Magazine* of Columbia, South Carolina, in a feature article on the man who, among many other things, has been Under Secretary of the Treasury and president of the American Bankers Association, reports that when Mr. WIGGINS was first offered the railroad position he turned it down.

"The hearts of all big railroads," says the story, "were in New York, he reasoned, and he did not want to live there. His heart was in Hartsville, and there he planned to return after his work in Washington as Under Secretary was done."

"Assured that although New York residence was traditional for A.C.L.-L. and N. chairmen, it was not necessary, he accepted. . . ."

A Hartsville office for the chairman was necessary, of course, and it was Mrs. WIGGINS who suggested the old depot which the road had doomed to demolition.

"Mr. WIGGINS," the *News* continues, "thought well of the idea. A side door now bears the inscription: 'Office of the Chairman of the Board, Atlantic Coast Line, Louisville and Nashville Railroad.' This door opens into a suite of unusual architectural beauty. The walls are made of imported mahogany panels, windows are covered with pale green venetian blinds, floors are inlaid linoleum, and indirect lights are set inside acoustically conditioned ceilings."

"The suite is partitioned into a small reception room with table seating space for eight persons, a secretary's office with room for three desks, and a large office of conference room size with an alcove for the desk of the chairman.

The Little Red Schoolhouse



THAT had to be little because funds were lacking. It had to be red for that was the cheapest paint.

Today the "Little Red Schoolhouse" has been transformed into a modern fireproof building with gymnasium and other up-to-date equipment.

These improvements are generally financed by tax-exempt bond issues for which the community pledges taxes over a period of years.

We underwrite bond issues for school and other public improvements for communities throughout America.

BOND DEPARTMENT



MERCANTILE - **COMMERCE**
Bank and
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Artist Chaney Honored

A PAINTING by CLARENCE R. CHANEY, vice-chairman of the Northwestern National Bank of Minneapolis, was hung in the 1949 show of the American Water Color Society in New York. The picture shows the entrance to the Northwestern Bank Building in a pre-Christmas snow-storm. Two large green wreaths and the glow from the lighted windows and doorways provide a warm contrast to the facade of the building and the figures of several snow-burdened pedestrians. The water color was used on the bank's 1948 Christmas card.

Mr. CHANEY, a former national president of the American Institute of Banking, is a widely known painter.

CLARENCE D. COWDERY, vice-president of the Boatmen's National Bank, St. Louis, has been elected chairman of the board of managers of the St. Louis County Y.M.C.A. Mr. COWDERY, active in community work, is a member of the executive committee of the National Benevolent Association of the Christian Churches.

ARTHUR H. BRIMLEY has been elected assistant cashier of The Bank of Asheville, North Carolina. He is a past president of Asheville Chapter, A.I.B.

The new president of the Milwaukee Life Insurance and Trust Council is SHERBURN M. DRIESSEN, assistant vice-president and assistant trust officer of the Marshall & Ilsley Bank of that city.

More than 2,000 persons attended the ceremony that marked the opening of Detroit's New City Bank in the Penobscot Building. In the picture Mayor E. I. Van Antwerp, left, and President Joseph F. Verhelle lead the visitors up the stairs after the mayor has unlocked the doors



Bankers figure prominently in "The Dynamic Men of Dallas," *Fortune's* February story about "a happy group of merchants and bankers" that "seeks fulfillment in creating a new Athens in the land of the super-Americans." It's "the bankers and merchants who largely run Dallas," says the article, and "they run it well, with self-effacement, and not for private gain." Among the bank men mentioned and pictured are: NATHAN ADAMS, chairman, and EDGAR FLIPPEN, president, First National Bank in Dallas; ROBERT L. THORNTON, chairman, Mercantile National Bank at Dallas; FRED F. FLORENCE, presi-

dent, Republic National Bank; and J. B. ADOUE, Jr., president, National Bank of Commerce.

WALTER J. HESS, formerly first vice-president of the Ridgewood (New York) Savings Bank, has been elected president. The new first vice-president is HERMAN DIPPOLD.

JOHN A. LUETKEMEYER, vice-president of The Equitable Trust Company, Baltimore, is now on the board of directors. He has been on the bank's staff 14 years and formerly headed the industrial loan department.

1,370 TESTIMONIALS*

THE surest evidence of mutual satisfaction between a bank and its correspondents is a continued relationship.

Our great family of correspondents in 42 states provides over 1,370 testimonials to the service the Commerce renders to correspondent banks. Our relationship with many of these banks has continued over a period of years — decades — even generations.

This Banker's Bank is ready to give you the same pleasing, dependable, complete service.

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KANSAS CITY'S LARGEST BANK

Capital Funds Exceed 22 Million Dollars

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FAST • DEPENDABLE • COOPERATIVE

CALL ON PACIFIC NATIONAL IN SEATTLE

PROMPT, thoughtful attention to the needs of correspondent banks is a basic policy of this bank. We would be glad to serve your bank in the Pacific Northwest.

THE PACIFIC NATIONAL BANK OF SEATTLE

"The Bank of Business"

Second
at
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Seattle
11

Member Federal Deposit
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10 EXCLUSIVE FEATURES

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WASSELL ORGANIZATION, Inc.
Dept. B • Westport • Conn.

**Do Your Directors
read BANKING?**

Two Anniversaries

Two large American banking institutions, Chemical Bank & Trust Company of New York and The Detroit Bank, have reached noteworthy milestones.

Chemical was founded April 1, 1824—125 years ago—through legislative amendment to the charter of the New York Chemical Manufacturing Company, allowing the company to do a general banking business. In 1844 a full banking charter was procured and the chemical business was liquidated.

N. BAXTER JACKSON, chairman of the bank, recalled at a dinner inaugurating observance of the anniversary that Chemical's nickname, "Old Bullion," is ascribed to historical reports that the bank was the only bank on record in the country which paid out gold continuously at the height of the panic of 1857. Its present resources exceed \$1,500,000.

The Detroit Bank was 100 years old on March 5. Established as the Detroit Savings Fund Institute, it has had seven presidents and occupied six locations during its century. It was incorporated in 1857 when the name was changed to The Detroit Savings Bank; on January 6, 1936, the word "Savings" was dropped. Although the new title, The Detroit Bank, resulted in a growth in commercial accounts, there was no change in the bank's fundamental and continued interest in savings depositors and savings accounts.

At the end of the bank's first year, when Detroit had 19,000 inhabitants,

deposits totaled \$3,287. As of December 31 last the aggregate was \$531-million.

The president, JOSEPH M. DODGE, former president of the American Bankers Association, is now in Japan serving as financial advisor to General MacArthur, with the rank of United States Minister.

GEORGE M. BLOOM, formerly executive vice-president of the First National Bank of Santa Fe, New Mexico, has been elected president, succeeding PAUL A. F. WALTER who retired. Other new officers include: CHARLES J. ECKERT, vice-president and cashier, and ALEXANDER V. WASSON, trust officer.

J. CARLISLE ROGERS, vice-president of the First National Bank of Leesburg, Florida, was recently elected a director.

IRVING T. SKEELS, vice-president, has succeeded OSCAR N. REYNOLDS as president of the Elmira (New York) Bank & Trust Company. Mr. Reynolds has retired.

JACK W. BLACK and JOHN E. HOFFMAN have been elected vice-presidents of the City National Bank and Trust Company, Kansas City, Missouri.

New vice-presidents at the National Bank of Commerce, Norfolk, Virginia, include STANLEY E. TUDOR, BAXTER C. CARR, R. COSBY MOORE, and NORMAN G. POERSTEL.

LEO C. HELFENBERGER, manager of the foreign department, Union Bank &

When the Lincoln National Bank of Cincinnati remodeled to celebrate its 75th year, it commissioned Artist Stuyvesant Van Veen to paint a mural. His picture, now in the bank, shows an old-time Ohio River boatman at work against the background of the Cincinnati waterfront a century ago, a suggestion of the modern skyline, and the figures of the craftsmen and artisans who made the city possible



Trust Company, Los Angeles, is chairman of the import committee of the Foreign Trade Association of Southern California.

THEO LAWHORNE has been elected vice-president and cashier of the First National Bank of Waycross, Georgia.

EDWARD W. SMITH, formerly president, is now chairman of the board and chief executive officer of Clinton Trust Company, New York City. His successor as president is THEODORE R. SCHWARZ, formerly vice-president.

WILLIAM M. MCKENZIE has been made executive vice-president of the Commercial National Bank of Peoria, Illinois.

BEN H. WOOTAN, vice-president of the Republic National Bank, Dallas, is chairman of Dallas County's 1949 Community Chest campaign.

HERBERT M. PRIOR, formerly a vice-president of the Chemical Bank & Trust Company, New York City, is now a vice-president of the Mercantile National Bank of Dallas.

A member of the fourth generation of Hustons is now working for the Wood & Huston Bank of Marshall, Missouri. The newcomer to the staff is JOHN PERCY HUSTON, JR., whose great-grandfather, JOSEPH HUSTON, JR., was a co-founder of the institution which opened February 12, 1874. The late J. P. HUSTON became an employee two years later at the age of 16 and was president at the time of his death in 1916. JOHN is the son of J. P. HUSTON, the present president.

Lieutenant Governor ALEXIS I. DUPONT BAYARD of Delaware has been elected to the board of the Farmers Bank of the State of Delaware and will serve as a director of the bank's Wilmington office. Mr. BAYARD is a great grandson of James A. Bayard, who was a director of the bank from 1824 to 1843, president of the Wilmington branch for several years, and a United States Senator. His father and grandfather, both named Thomas F. Bayard, were also senators. The latter was Secretary of State under President Cleveland and United States Ambassador to the Court of St. James's.

RODERICK M. MEYER has been elected a vice-president of the Manufacturers Bank and Trust Company, St. Louis.



W. T. Alexander



E. H. Mitchell

WILLIAM T. ALEXANDER, formerly senior agent of The Canadian Bank of Commerce in New York, is now assistant general manager at the head office in Toronto. ERNEST H. MITCHELL, vice-president of the bank (California), succeeds him in New York.

W. S. McLARIN, JR., president of the Federal Reserve Bank of Atlanta, was recently elected a member of the Federal Open Market Committee. Mr. McLARIN's alternate is CHESTER C. DAVIS, president of the Federal Reserve Bank of St. Louis.

Mrs. MARY G. ROEBLING has been reelected chairman of the board of the Trenton (New Jersey) Trust Company.

RANDOLPH W. NUCKOLS, STEWART K. MATERNE, and T. KENNETH MCRAE are new vice-presidents of the First and Merchants National Bank of Richmond, Virginia.

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM
DANIEL W. BELL, President



Barometer Reading

New England business, like its weather, is changeable and requires experience in reading the signs. For over 113 years this bank of "Outstanding Strength" has been in close touch with conditions in this section. This experience enables it to provide prompt action for correspondent banks, no matter how difficult or unusual the problem.

The National
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40 Water Street, Boston
Member Federal Deposit Insurance Corporation
CAPITAL \$10,000,000 SURPLUS \$20,000,000





The class in retailing and store management offered by the Franklin Square National Bank and the local chamber of commerce. At the rostrum is Joseph Dietrich, the chamber's president



In Philadelphia,

the business of your bank is our
business. And we handle
it quickly and efficiently.

CORN EXCHANGE
NATIONAL BANK AND TRUST COMPANY
Established 1858
PHILADELPHIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Bank Gives Refresher Course for Merchants

ON the theory that old-fashioned salesmanship became a bit rusty during the lush sellers' market, The Franklin Square (New York) National Bank is conducting refresher courses designed to polish the merchandising techniques of local retailers and building trades people. The local chamber of commerce is co-sponsor.

Some 70 Franklin Square purveyors of automobiles, clothing, household appliances, and other popular consumer items are meeting each Monday evening for eight weeks to hear lectures on retail selling and store management. The lecturer is C. W. Green, vice-president of the bank, whose long experience gives him close contact with the problems of small business. The meetings take place in a school auditorium.

Every three months the bank also brings together the building supply dealers, plumbers, roofers, and others interested in the construction business, for an informal seminar that covers market analysis, FHA regulations, new business ideas, etc.

ARTHUR T. ROTH, president of the bank, explains the program this way:

"Having caught up with many lines of goods that were in short supply during and following the war, we are entering an era of healthy competition which should result in increased sales to the mass market at reasonably reduced prices.

"We believe that our distributive forces must do a more effective selling job in the months and years ahead, than ever before, if we are to maintain levels of production and consumption necessary to support our present economy and current living standards.

"It is with this idea in mind that efforts will be devoted to bringing to our merchants the latest developments in modern merchandising methods."

Subjects covered in the retailing refresher are: retail salesmanship, buying to sell profitably, controlling merchandise and expenses, credits and collections, special sales, store arrangement, advertising as a sales stimulant, and display selling. Every other week there's a guest speaker.

The merchants are enthusiastic. They, as well as the bank, hope that the course will help soften the impact of whatever business readjustment may be in store for them.

From one banker to another . . .

"

This will indicate that on the 2nd of January we will have had an account with The First National Bank for 75 years. It may seem a long time, but I have never had an occasion to note during all these years a more pleasant relationship, and I know of no reason why this should not continue for many years more. 99



Your bank is cordially invited to use The First National Bank of Chicago as *your* correspondent.

Every effort will be made by us to promote and maintain the kind of helpful cooperation that brings us letters like the one quoted above.

The First National Bank of Chicago

Building with Chicago and the Nation Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Washington

(CONTINUED FROM PAGE 43)

of the Treasury Department, the Hoover Commission declared that "the enormous expansion and far-reaching implications of Government finance make it imperative that the Treasury Department should be thoroughly reorganized. Its organization and methods have become obsolete. Some of its functions are not germane to its major purpose," the Commission said.

The philosophy of the Hoover Commission was that the Treasury should concentrate upon its fiscal functions, and to that end proposed that fiscal functions and supervision be strengthened. At the same time the Commission proposed to cut off certain nonfiscal functions, such as the acquisition of supplies for other Government agencies, the U. S. Coast Guard, and the Narcotics Bureau.

It was proposed by the Commission that the Treasury establish an "Accountant General" with authority to prescribe accounting standards for Government agencies, and to prepare reports for the White House and the public on the state of finances.

As to FDIC: "This corporation, which has responsibility for the examination of insured banks, should also be under the general supervision of the Secretary. At present, bank examinations are conducted by three agencies, the Federal Deposit Insurance Corporation, an independent agency, the Comptroller of the Currency in the Treasury Department, and the Federal Reserve Board. While as a practical matter, a more or less satisfactory modus vivendi has been reached for the elimination of major duplication among the functions, the placing of the Federal Deposit Insurance Corporation under the supervision of the Secretary would insure the continuation of such cooperative arrangements. Through the National Monetary and Credit Council . . . a coordination of policies in bank examinations with the Federal Reserve Board would also be achieved."

The reference to the fact that the FDIC "should also be under the general supervision of the Secretary" of the Treas-

At a recent conference in Washington of Savings Bond volunteers are shown, left to right, Vernon L. Clark, national director of the Savings Bond Division of the Treasury; President Truman; Secretary of the Treasury John W. Snyder, and Governor Paul A. Dever of Massachusetts



At hearings on the ECA program before the Senate Foreign Relations Committee are shown, left to right, ECA Administrator Paul G. Hoffman, Senator Tom Connally, committee chairman, and Thomas K. Finletter, chief of the ECA mission in the United Kingdom

ury appends to a previous paragraph. The previous paragraph related to the Reconstruction Finance Corporation, whose "operations" should be placed in the Treasury Department. Apparently the Hoover Commission would place the FDIC in the Treasury, and make it physically a part of the Treasury.

Monetary Council Proposal

Pointing out that there are 30 Federal agencies actively engaged in lending, guaranteeing, or insuring loans representing an investment of \$12.5-billion with further commitments of \$9-billion, the Hoover Commission recommended that there be established a "National Monetary and Credit Council" of domestic financial agencies in connection with the Treasury, with the Secretary of the Treasury the chairman.

Representative Clarence J. Brown, Ohio Republican, and retiring Defense Secretary James Forrestal, dissented from the Commission's proposal to transfer the FDIC to the Treasury, stating:

"This corporation is designed to protect depositors now numbering some 95-million in the 13,613 banks insured by the corporation. In protecting the accounts of its insured depositors, the corporation either makes a loan on or purchases substandard assets of a bank in unsound condition in order to facilitate its merger with another insured bank; or if this effort fails and the bank closes, the corporation pays the depositor up to the \$5,000 limit set by law. In carrying out its program the corporation requires each insured bank to maintain certain standards of banking practice. It also examines some 6,684 insured banks not examined by any other Federal agency and reviews the reports of examination of some 6,929 banks which are examined by other Federal agencies.

"We feel that this corporation, which does not require the appropriation of funds from the United States Treasury, should be left in its independent status, unless the Congress determines to transfer to the Department of the Treasury all Federal banking activities, including the Federal Reserve System."



Left, Tighe Woods, Federal Housing Administrator, as he testified recently on rent controls before the Senate Banking and Currency Committee



Right, William McChesney Martin, who is now Assistant Secretary of the Treasury

Banks Promote Savings

"In recent months more and more banks have been stimulating savings in their respective communities," says Maple T. Harl, chairman of the FDIC. "Many banks have raised the limit upon the amount of savings and time deposits on which they will pay interest and a few banks have increased the rate of interest paid on these accounts."

"Banks have further promoted thrift and individual savings by enthusiastically assisting in the sale of United States savings bonds through the Bond-A-Month plan."

Now banks are taking a leading part in the Opportunity Bond Drive, which officially opens May 16, and closes June 30. (See page 127.) "In practically every state, banks are taking a leading part in this drive," explained Vernon Clark, the Treasury's Saving Bond Division director. "In about 30 states, bankers are chairmen of the savings bond committees. In county after county they are chairmen."

On the other hand, Mr. Clark said he believed the promotion of the sale of savings bonds also benefits banks. "Smart bankers know that if their clients and their communities are solvent, they are going to be successful," he asserted. "These bankers want people to buy bonds. Building up thrift is a protection for the banks."

At the outset the current drive was concentrated upon the E bonds. Although concentrating on the E bonds and initially offering no relaxation on the purchase limitations on the F and G bonds, there was always the possibility, circumstances making it desirable to do so, that the Treasury would "open up" on the F and G bonds.

Some time next month the Treasury may be expected to give a clue as to what kind of financing it will offer banks and others to replace the maturing 2 percent bonds which have been called for June payment. Of both the maturing certificates and bonds of June, the nation's banks own some \$2.2-billion.

Housing Bonds May Attract Banks

One consequence of the Administration's public housing program may be that banks will have an opportunity over the next few years to pick up a substantial volume of long-term securities with a relatively attractive yield.

It is provided in the pending housing program that local housing authorities shall have power to issue bonds of up to 40 years' maturity to finance the construction of subsidized public housing for the low income groups. The maximum

under the old housing law was 60 years, but even some of these authorities have sold bonds. It is estimated that about \$140-million of housing authority bonds under the act of 1937 are in public hands.

This bill also provides for a more effective if not literal Government guarantee of local housing authority bonds than the 1937 act. Under both acts the Federal Government undertakes to make annual subsidies for these housing projects, the subsidies amounting to sums equivalent to the debt service, interest and principal.

However, under the old act the annual contributions were limited to 3½ percent of the project costs for 60 years; under the new program the annual rate is 4½ percent for 40 years. Thus the maturity is shortened and the rate of subsidy increased.

Furthermore, under the old act the Public Housing Administration had the theoretical and legal right to abrogate the annual Federal subsidies if the local housing authority violated the terms of the contract. Under the new plan the Federal Government would not diminish the annual subsidies but, in case of the mismanagement of the project, could take it into Federal hands.

Thus there is no contingent prospect that any local mismanagement would jeopardize the debt service, that being firmly undertaken by the Federal Government.

Inasmuch as these issues are in fact guaranteed by the Federal Government, even though the guarantee is not express, the Congress is planning to give them the same investment and loan status as Federal debt or the debts of municipalities. The bill removes the limitation upon national and Federal Reserve member banks that they cannot invest more than 10 percent of their total capital funds in such bonds.

Banks Show Favorable Loss Experience

Banks, both national and state chartered, are showing a relatively favorable loss experience under the home improvement loans insured in accordance with Title I of FHA, the latter agency reports.

Banks and finance companies make the overwhelming bulk of these Title I home improvement loans, other lenders playing an insignificant part in the picture. Under this title 10 percent of an institution's total line of home improvement loans are insured by FHA against loss.

Finance companies, lending 26.5 percent of the proceeds

of the loans so insured, brought about 51.2 percent of the Title I insurance claims paid, it was reported.

National banks, on the other hand, which disbursed 45.2 percent of the proceeds of such loans, originated only 29.4 percent of the claims paid.

Figures for state-chartered banks, respectively, were 26.2 percent of loans and 18.9 percent of claims.

These statistics cover operations from July 1, 1947, through December 21, 1948.

Instalment Credit Terms Eased

Whether the Federal Reserve Board has eased its effort to get Congress to continue for another year or so legislation empowering the Federal Reserve Board to regulate the terms of instalment credit by its relaxation of the regulations governing such credit, announced last month, remains to be seen.

Under the new regulations the required down-payment on the score of items instalment credit of which is regulated was reduced to 15 percent from 20 percent. The down-payment on automobiles remains one-third. At the same time the Board lengthened to 21 months the maximum permitted term of regulated instalment loans, in place of a repayment period of variously between 15 and 18 months.

The Board's official explanation for the easing of these terms was brief. It said that this easing of the regulations was based on "continuous study" of the operation of Regulation W. The Board also observed that in asking Congress to renew consumer credit control authority it stated "that the authority would be used flexibly and that the Board would be ready at all times to tighten or relax the terms in accordance with the objectives of the authority and with a view to sound credit conditions."

When the Board of Governors eased the instalment credit regulations, it had before it three general pieces of informa-

tion which appeared to indicate the desirability of such a step.

One of these was a downturn during January in the volume of instalment credit. This is a normal seasonal pattern, but it did not occur in January of either 1947 or 1948, and 1946 showed substantially no change.

From the Federal Reserve bank presidents, however, who had been meeting with the Board, the Board learned additionally that there were widespread reports that the declines in instalment credit sales were strong in those items, especially appliances, subject to instalment credit regulation.

Finally, the Board had before it the figures on department store sales, which in February on a seasonally adjusted basis, declined approximately 5 percent below the second month of 1948.

FDIC Examiners Study

Well over half the bank examiners and assistants on the staff of the Federal Deposit Insurance Corporation are now expanding their knowledge of the banking business under the educational program of the FDIC, begun in October 1946.

The greatest proportion of them are taking the American Institute of Banking correspondence courses, since their duties require them to move around and make it difficult for most of them to take residence studies. However, including new enrollees this year, 33 are studying at The Graduate School of Banking, conducted by the American Bankers Association at Rutgers University, New Brunswick, New Jersey. Nine of the FDIC crew are at the Central States School of Banking, University of Wisconsin.

Transamerica Hearing Opens on Coast

After several weeks of hearings before the Board in Washington, with R. M. Evans, Board member, presiding, the hearings on the Transamerica case were adjourned to San Francisco, where they were scheduled to reopen at the end of last month.

Headed by J. Leonard Townsend, general counsel, a group of Federal Reserve Board lawyers have set up headquarters temporarily on the West Coast with the expectation that the Board hearings may last six to eight months, and perhaps even longer.

In this case the Board has invoked Section 7 of the Clayton Antitrust Act — the first time it has been used by the Board. The Board charges that the acquisition of banks on the West Coast by Transamerica Corporation has tended to create a monopoly in the banking business in that region.

If the Board, after hearings, finds that the evidence presented by its counsel has been sufficient to sustain the charge, then the Board would presumably issue a "cease and desist" order preventing Transamerica from buying any further interest in banks without the Board's approval. Before such an order became effective, however, it would have to be approved and put into effect by a U. S. Circuit Court of Appeals.

Meanwhile Mr. Townsend has been occupied with the job of whipping into shape a new bill prescribing the terms for regulation by the Reserve Board of bank holding companies. With all legislation of a comparatively minor character, such as the holding company bill, there is always a question whether Congress will have time to act upon it. If Congress has the time, the chances of its passage by both houses would appear to be fair.

A.B.A. Watches Bank Credit Factors

THE Credit Policy Commission of the American Bankers Association has been following closely two important matters related to the extension of bank credit:

(1) It has made a comprehensive study of proposed legislation to amend Section 60a of the Bankruptcy Act. It recognized the urgent need for appropriate legislation in this respect if some of the uncertainties now existing in connection with the assignment of accounts receivable are to be removed. Congress is being urged to take favorable action.

(2) Until more or less recently the procurement contracts of the departments of the Army, Air Force, and Navy, contained a "no set-off" clause. The purpose of this clause was to make payments due under such contracts not subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of such contract. This "no set-off" clause was authorized in the Assignment of Claims Act of 1940. The effect of the inclusion of this clause, particularly in connection with financing of the war program, was to make such contracts more acceptable as a basis for bank credit. It is hoped that the new set-off clause will be reinstated in such contracts.

FACTORIES are growing in AUSTRALIA

The Bank of New South Wales booklet — "Investment Opportunities in Australia" — deals with both the establishment of factories and the purchase of securities. Obtain a free copy from your bank or direct from—

BANK OF
NEW SOUTH WALES

*British & Foreign Department
Sydney, Australia*

NA4901A

For
comfort
courtesy
convenience
in ST. LOUIS ...

HOTEL


Mayfair
8th & St. Charles
DOWNTOWN ST. LOUIS AT YOUR DOORSTEP

Radio in every room at no extra charge
Rooms from \$3.50. Garage Service

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**FREE Catalog
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Write today for free
48-page catalog, illus-
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morial, honor rolls,
testimonials, awards,
etc. Ask for catalog B.

**INTERNATIONAL
BRONZE TABLET CO., INC.**
150 WEST 22nd ST.
NEW YORK 11 N.Y.

Other Securities

(CONTINUED FROM PAGE 53)

and absorption of securities has been relatively satisfactory. Railroad equipment trust certificates have been an important factor in the markets. Their issuance is prompted by large scale buying by the carriers of all sorts of rolling stock, notably Diesel motive power, which is saving the roads appreciable amounts of money.

In fact, use of Diesel locomotives for switching and freight, as well as passenger hauling, has been one of the most important factors in improved railroad earnings in 1948, coupled with somewhat higher rates. Other rolling stock whose purchase had been deferred for many years is the reason for other trust certificate issues. However, in view of declining rail earnings early this year, the placing of orders for new equipment has become cautious, and pessimists predict a further drying up of purchases, which may have adverse effects on steel production later in the year.

Public Utilities Market

Public utilities continue to be large seekers of capital as well. Among the companies which will ask for investment consideration soon is American Telephone & Telegraph Company, which will ask the forthcoming annual meeting to authorize a new issue of convertible debentures which would be offered pro rata to stockholders.

Bell Telephone Company of Pennsylvania may be in the market soon for \$25-million 25-year debentures. Other issuers include Arkansas Power and Light Company, Cambridge (Mass.) Electric Light Company, Ohio Public Service Company, Oklahoma Gas and Electric Company, Pacific Gas and Electric Company, and Northern States Power Company.

Another development in the investment markets which deserves mention is the increased use of investment company securities. Several leading brokerage houses are now distributing various such funds and have found the business profitable. Several state legal barriers are in the process of being ironed out in some parts of the country, with the effect of making investment company shares legal investment for trust funds as they are already in some localities. At any rate, the investment trust industry which, unlike others, has few national spokesmen, except the presidents of some large funds, has very quietly grown to \$2-billion assets, and some leaders in the field look forward to a \$5-billion industry.



The heart-warming story
of the parson's son
who built the
world's largest bank

**ALBERT
HENRY
WIGGIN**

New England

Son By MARJORIE
WIGGIN PRESCOTT

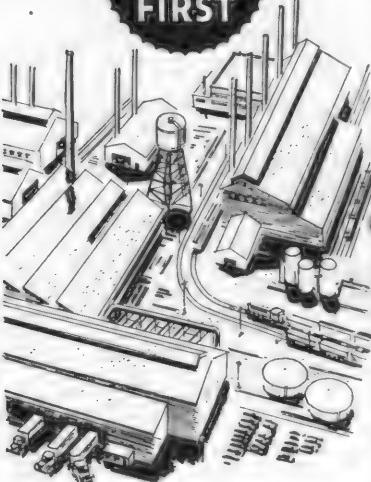
Albert Henry Wiggin's first job included a daily check on the health of an elderly Boston Brahmin to see that he lived long enough to pay off his bank loan. Through hard work, a capacity for friendship and a salty New England sense of humor, he rose from humble clerkship to the presidency of "the Chase" and made of it the world's largest bank. This is a success story, the portrait of a remarkable man, but it is, more than that, the portrait of a golden era of American growth and optimism. Mrs. Prescott has told her father's story with affection and with the same quick humor which characterizes her famous parent.

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& COMPANY**
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WHEN YOU THINK OF
PITTSBURGH

Think of
**PEOPLES
FIRST**



Pittsburgh has a reserve of unused labor. The small percentage of women in the labor force is especially significant to managements of light manufacturing or service industries who contemplate operations in the Pittsburgh area. The present labor force would require a 27% increase of women and girls to equal the U.S. average—and a 35% increase to equal the average of 33 comparable areas.

Pittsburgh offers many other advantages for light manufacturing and service industries, as rising trends show. Peoples First National, through its fifteen completely staffed offices, has an intimate knowledge of local conditions and is in excellent position to render superior services to Correspondents. Your inquiries are invited.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member F. D. I. C.

Think of
**PEOPLES
FIRST**

Governments

(CONTINUED FROM PAGE 53)

banks plus Federal Reserve banks) has declined from 43½ percent to 33½ percent, while individuals (this classification includes partnerships and personal trust accounts) now own 26½ percent of the total as compared with 23 percent at the earlier date, reflecting primarily the increase in the total of Savings Bonds for the period. U. S. Government agencies and trust funds have increased their holdings from 10 percent to 14¾ percent, the increase being largely due to the steadily mounting total of social security funds and the consequent increase in the issuance of special certificates, a process which will be intensified should proposed extension of coverage become law. The present distribution can certainly be described as widespread.

Whether or not, however, a further increase in the already large total of obligations payable on the demand of the holder is desirable is debatable. Moreover, to assume that "demand" debt held by individuals is less "volatile" than marketable issues held by banks seems somewhat questionable. Furthermore with the current evidence that the supply of goods has caught or is catching up with the money supply, the advisability of mopping up purchasing power by sales of demand Government obligations may need reappraisal. Mopping up purchasing power was advisable in periods of full employment with goods in scarce supply, but it could be undesirable under contrary conditions. Originally designed as part of deficit financing in the 1930's and of the greatest value from every angle both during the war and the subsequent inflationary period, the desirability of the issuance of more and more Savings Bonds as a method of debt redistribution may need re-examination.

Treasury Extends Subscription Period

As a result of recommendations of the A.B.A.'s Committee on Government Borrowing, Treasury officials have agreed to lengthen from three days to four days the period during which subscription books for the Treasury's monthly refunding operations will hereafter be open. In addition, Treasury officials are also taking steps to speed up the distribution to banks of the Treasury's refunding announcements by the Federal Reserve banks.



TO GET THE TRUE FINANCIAL PICTURE

Original cost is past tense—Replacement cost is present tense. A "Replacement Reserve" established and maintained by appraisal provides control on both bases.

The AMERICAN APPRAISAL Company

Over Fifty Years of Service

OFFICES IN PRINCIPAL CITIES

Safeway Stores, Incorporated

Preferred and Common Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on March 4, 1949 declared quarterly dividends on the Company's \$5 Par Value Common and 5% Preferred Stocks.

The dividend on the Common Stock is at the rate of 25c per share and is payable April 1, 1949 to stockholders of record at the close of business March 21, 1949.

The dividend on the 5% Preferred Stock is at the rate of \$1.25 per share and is payable April 1, 1949 to stockholders of record at the close of business March 21, 1949.

MILTON L. SELBY, Secretary.

March 4, 1949.

THE TEXAS COMPANY



186th Consecutive Dividend paid
by The Texas Company and its
predecessor.

A dividend of 75¢ per share or three per cent (3%) on par value of the shares of The Texas Company has been declared this day, payable on April 1, 1949, to stockholders of record as shown by the books of the company at the close of business on March 4, 1949. The stock transfer books will remain open.

L. H. LINDEMAN
Treasurer

The increasing size and ownership spread of the Treasury's refunding operations had recently given rise to hardships for some banks and the usual complications of "last minute rush" for many others in exchanging or subscribing for new Treasury issues, both for their own account and for smaller correspondent banks and trust department customers.

The A.B.A. Committee on Government Borrowing, under the chairmanship of Robert V. Fleming, president of the Riggs National Bank in Washington, requested Treasury officials to lengthen the period for subscriptions to whatever extent the Treasury might find practicable. The Committee pointed out in conversations and correspondence with Treasury officials that many smaller or outlying banks particularly, as well as their customers, were inconvenienced by the short three-day subscription period. In addition, many agreements between banks and trust companies and their customers and correspondents require signed authorizations before sales, exchanges or purchases of Government obligations can be made.

In the past, the Treasury occasionally made exceptions to the three-day subscription deadline for "legitimate" reasons such as non-receipt of the Treasury's notice in the mail, or inability to make prompt contact with customers who cannot be readily reached. The Treasury will continue to permit these exceptions, in addition to prescribing the new four-day subscription period.

A.I.B. Debaters Approach Finals

THE American Institute of Banking chapters contesting for the honor of being in the debate finals at the A.I.B. convention at Portland, Oregon, on May 31, and the six subjects approved for the qualifying competitions, have been announced by John F. Elsbree, chairman of the National Debate Committee and assistant auditor of the Rockland-Atlas National Bank of Boston.

Here are the topics:

"RESOLVED, that a federal world government should be established now."

"RESOLVED, that the United States should adopt reciprocal trade agreements as a permanent policy."

"RESOLVED, that the veto power should be eliminated from the constitution of the United Nations."

"RESOLVED, that the countries of the

western hemisphere should form a customs union."

"RESOLVED, that the United States should adopt the parliamentary system of government."

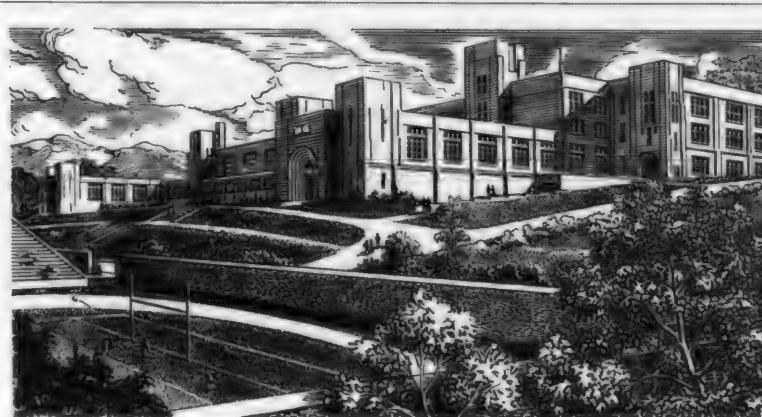
"RESOLVED, that the Federal Government should adopt a policy of equalizing educational opportunity in tax-supported schools by means of annual grants."

A new subject will be selected for the inter-district debates, and will be announced soon after completion of the qualifying contests.

The following chapters are contesting for the right to enter the finals: Balti-

more, Boston, Buffalo, Chicago, Cleveland, Dallas, Detroit, Fort Worth, Houston, Los Angeles, New Haven, New York, Oklahoma City, Philadelphia, Pittsburgh, Richmond, St. Louis, San Francisco, Tulsa, and Washington.

Each year the incoming Institute president appoints a national chairman and 13 committee members to supervise the activities of the chapter chairmen and encourage the promotion of debating by chapters that have not hitherto engaged in this educational activity. Chapters with memberships of 751 or more must participate in four qualifying debates, those with 750 or less in three.



For an enlightened nation

Young America is served by the most extensive public school system in the world—a distinguished national asset bringing education within the reach of all. It is a created asset, financed in great measure through the sale of bonds issued by communities, counties, states and other taxing districts.

Halsey, Stuart & Co. Inc. for many years has been identified with municipal bonds of this type, making them available to thousands of banks and conservative investors. Their desirability as investments has been maintained by demonstrated safety through the years together with their valuable exemption from federal income taxes. *Send without obligation for our latest offering list.*

REPRESENTATIVE SCHOOL BONDS

Cleveland Heights
City School District, Ohio
 $1\frac{1}{2}\%$ Bonds

Lane County, Oregon,
School District No. 4 (Eugene)
 $2 \& 2\frac{1}{4}\%$ Bonds

Colorado Springs, Colorado,
School District No. 11
 $1\frac{1}{4} \& 1\frac{1}{2}\%$ Bonds

Scranton, Pennsylvania,
School District
 $1\frac{1}{2}\%$ Bonds

Evanston, Illinois,
Township H.S. District No. 202
 $2\frac{1}{4}\%$ Bonds

Tacoma, Wash.,
School District No. 10
 $2\frac{1}{2}, 2\frac{3}{4} \& 3\%$ Bonds

Houston, Texas,
Independent School District
 $2\frac{1}{2}, 2\frac{3}{4} \& 3\%$ Bonds

Wausau, Wisconsin
 $1\frac{1}{2}\%$ School Bonds

HALSEY, STUART & CO. INC.

Headline news for



... now linked in a joint undertaking
to extend the availability and effectiveness
of Microfilming as a modern business tool

W H E R E V E R T H E R E ' S B U S I N E S S

business

This new arrangement promises important benefits to business concerns

Effective immediately, the entire production of Bell & Howell microfilming equipment will be distributed and serviced through the worldwide Burroughs organization.

Bell & Howell microfilm equipment, built to standards of precision and dependability that have made Bell & Howell the recognized leader in the field of photography, incorporates many important technical advances. And Burroughs, through the unmatched size, scope and training of its organization, is uniquely equipped to help business take full advantage of this exceptional microfilming equipment.

For many years, Burroughs has worked closely with users of figuring, accounting and statistical machines to achieve increasingly efficient mechanized systems in the office. With this background, Burroughs can now help business integrate modern and efficient microfilming into its systems and methods to save time, space and money in the reproduction of records for current use and for storage.

Burroughs world-famed service organization will provide not only efficient maintenance of microfilm equipment but also prompt service in the processing of films for microfilm users.

BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

Bell & Howell microfilm equipment is based upon a new principle of recording, which doubles the efficiency and halves the cost of microfilm for many business purposes.

IN THERE'S

Burroughs



Methods and Ideas

(CONTINUED FROM PAGE 51)

York State made the most of an unusual opportunity for a tie-in with a popular movie.

Two years ago the banks started an advertising campaign, through their state association, to promote the wisdom of thrift, using as their spokesman Mr. Wise Old Owl which gave the public, through newspaper ads, radio spots and other media, good advice on saving.

About the same time Walt Disney introduced an owl as a bit player in "Bambi" and "Fantasia." Then along came Mr. Owl as a full-fledged star in "So Dear to My Heart," plugging the song hits "It's What You Do With What You've Got" and "Stick-to-it-ivity."

The association quickly saw the parallel between its bird and Disney's and between the celluloid songs and the bank slogans. So a campaign was planned to make the most of the similarity. Individual banks displayed posters, provided by the producer, showing the Disney and bank owls conversing. Stills from the film were displayed in bank windows and lobbies. Ads in papers throughout the state called attention to the fact that the Disney owl had put to music the suggestions the savings banks had been offering.

The successful promotion, officials of the association point out, demonstrates the advantage of capitalizing on timely events.



Bank diorama dramatizing New York's food supply

Dramatic Dioramas

IRVING TRUST COMPANY of New York introduced at its Rockefeller Plaza office a window display featuring three-dimensional, illuminated dioramas dramatizing bank service.

The complete exhibit consisted of a large display on a central theme, and eight small exhibits set off in individual shadow box-frames of gray pickled oak with transparent faces on which brief advertising copy is engraved. Scenes, people, and situations were modeled and painted in full color and perspective.

The main theme was food as typical of an industry in which bank financing plays a big part. The scene realistically showed the enormous amount of food required to feed New York City for one year—enough to make a dam across the Hudson River a mile long, 3,000 feet

high, and 50 feet thick. The eight smaller dioramas dramatized commercial loans, foreign trade, custody accounts, investment management, personal loans, thrift accounts, checking accounts, and safe deposit.

An Ad Series That Clicked

If you're a regular reader of this department you may remember that last October it published a little story about the unusual advertising copy being published by the COLUMBIA HEIGHTS STATE BANK of Columbia Heights, Minnesota, near Minneapolis.

The 26-week series pointed out to readers of the local weekly newspaper the advantages of free enterprise over communism. Written by Executive Vice-president Herbert S. Woodward, each approached the theme from a different angle. Some of the titles were: "Private Enterprise Makes a Free Press"; "If Communism Is Better Than Private Enterprise, Why Do Russian School Teachers Jump From 3rd Story Windows to Stay in America" (based on the Kosenkina case in New York); "Communists Advocate Lying: Their Books Openly Say So"; "Who Gets the Money America Produces?", "Communists Appeal to the Unhappy," etc., etc.

Interested in hearing about the public's reaction to the ads, BANKING asked Mr. Woodward what the results had been. His reply said that the series created "a tremendous amount of interest and discussion" among the depositors and attracted attention in places many miles from Columbia Heights. People had been used to "seeing nothing but ads on why they should have a checking account, the importance of thrift, etc., which banks generally feature," and when this bank took up "a live subject of wide interest apparently everybody started reading" the ads. Customers mentioned them; they were

(CONTINUED ON PAGE 116)

You're so right Walt Disney
- EVERYONE SHOULD SEE HIS
SAVINGS BANK EVERY PAYDAY!

There's Nothing So Dear to Your Heart
as a Savings Bank Account

When Walt Disney's new old owl says, "It's What You Do With What You've Got," he's getting to what your Savings Bank has been telling millions of New Yorkers right along: "It's What You Do With What You've Got" means "So Dear To My Heart" in your neighborhood theatre.

Walt Disney's
New Full Length Feature
"So Dear to My Heart"
See it at your
Neighborhood Theatre

Your Savings Banks of New York State

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Here is one of the newspaper advertisements published by members of the Savings Banks Association of the State of New York, tying in their thrift campaign with the movie



Metropolitan Reports to Policyholders on 1948 Business

HERE IS THE Financial Statement of the Metropolitan Life Insurance Company for last year. It is more than just figures, because back of them is the story of what 32,700,000 policyholders have done for their families and themselves.

The role of Metropolitan, like that of any life insurance company, has been to help policyholders to make effective their individual plans for protection against the uncertainties of life. This Statement is a brief account of its stewardship.

The amount paid to policyholders and beneficiaries in 1948 was \$721,366,364. Of this sum, \$263,780,754 went to the beneficiaries of 235,000 policyholders; \$147,045,672 to some 450,000 individuals for Matured Endowments and Annuities; and \$59,403,238 for 650,000 claims for Disability and Accident & Health benefits. In addition, the total paid included sums for cash surrender values, dividends, and other payments due under outstanding policies.

The total payments by Metropolitan to policyholders and beneficiaries during the

last 16 years aggregated \$9,346,330,825—a sum which has served as a stabilizing influence in homes and communities throughout the country. This total exceeds the Company's assets of \$9,125,145,007 as of December 31, 1948.

These assets are held to meet obligations of \$8,951,210,201, of which more than 90% represents statutory reserves for future payments to policyholders and beneficiaries. Over and above these obligations, there remained a surplus of \$533,934,806, which is about 6% of obligations—a backlog which must be available against the possibility of epidemics, adverse economic conditions or other unforeseeable situations.

The Company's assets guarantee the fulfillment of the \$39,958,517,854 of Metropolitan life insurance in force. In addition, they assure the payment of the 448,394 annuity and supplementary contracts outstanding, and the 6,546,412 policies or certificates providing benefits in event of either accident, sickness, hospitalization, surgical or medical expense.

A few other highlights of the Company's 1948 annual statement are: the net rate of interest earned on total assets reversed the trend of many years and increased from 2.94% in 1947 to 3.03%; in line with the experience of business generally, there were some increases in expenses; the rate of mortality was slightly lower than in 1947; the lapse rate was one of the best on record; and new life insurance issued during the year was \$2,904,157,071. The amount held for dividends payable to Metropolitan policyholders in 1949 totals \$152,067,254.

Metropolitan investments continued in 1948 to serve various sections of the nation and its economy. The Company is interested in making loans, irrespective of size, to either individuals or corporations, which meet the legal requirements with which it must comply.

A more complete review of the Company's affairs will be found in its Annual Report to Policyholders, which will be sent to anyone on request.

STATEMENT OF OBLIGATIONS AND ASSETS... DECEMBER 31, 1948

(In accordance with the Annual Statement filed with the Insurance Department of the State of New York)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Statutory Policy Reserves	\$7,800,699,727.00
This amount, determined in accordance with legal requirements, together with future premiums and reserve interest, is necessary to assure payment of all future policy benefits.	
Policy Proceeds and Dividends Left with Company	485,882,414.00
Policy proceeds from death claims, matured endowments, and other payments, and dividends—left with Company by beneficiaries and policyholders to be returned in future years.	
Reserved for Dividends to Policyholders	152,067,254.00
Set aside for payment in 1949 to those policyholders eligible to receive them.	
Policy Claims Currently Outstanding	35,428,842.47
Claims in process of settlement, and estimated claims that have occurred but have not yet been reported.	
Other Policy Obligations	55,327,132.80
Premiums received in advance, reserves for mortality and morbidity fluctuations, reserve for continuing the program of equalization dividends on weekly premium policies, etc.	
Taxes Accrued	18,835,395.00
Including estimated amount of taxes payable in 1949 on the business of 1948.	
Contingency Reserve for Mortgage Loans	21,000,000.00
All Other Obligations	21,969,435.99
TOTAL OBLIGATIONS	\$8,591,210,201.26

SURPLUS FUNDS

Special Surplus Funds	\$ 80,013,000.00
Unassigned Funds (Surplus)	453,921,805.89
TOTAL SURPLUS FUNDS	533,934,805.89
TOTAL OBLIGATIONS AND SURPLUS FUNDS	\$9,125,145,007.15

NOTE—Assets amounting to \$438,451,141.96 are deposited with various public officials under requirements of law or regulatory authority. In the Annual Statement filed with the Massachusetts Department of Banking and Insurance, Statutory Policy Reserves are \$7,800,819,811.00, and All Other Obligations are \$21,849,351.99.

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities	\$3,389,262,335.35
U. S. Government	\$3,133,829,569.00
Canadian Government	255,432,766.35
Other Bonds	3,562,208,170.57
Provincial and Municipal	\$ 69,755,510.23
Railroad	501,930,398.52
Public Utility	1,152,792,757.79
Industrial and Miscellaneous	1,722,176,660.28
Bonds of the Company's Housing Development Corporations	115,552,843.75
Stocks	112,252,333.58
All but \$4,095,050.58 are Preferred or Guaranteed.	
Mortgage Loans on Real Estate	1,138,935,808.40
Mortgage Loans on City Properties	\$ 1,045,046,270.06
Mortgage Loans on Farms	93,889,538.34
Loans on Policies	364,630,189.90
Made to policyholders on the security of their policies.	
Real Estate (after decrease by adjustment of \$25,000,000 in the aggregate)	209,417,578.58
Housing projects and other real estate acquired for investment	\$ 153,465,256.62
Properties for Company use	34,716,517.77
Acquired in satisfaction of mortgage indebtedness (of which \$11,709,287.72 is under contract of sale)	46,235,804.19
Cash and Bank Deposits	151,886,801.05
Premiums, Deferred and in Course of Collection	131,311,715.47
Accrued Interest, Rents, etc.	65,240,074.25
TOTAL ASSETS TO MEET OBLIGATIONS	\$9,125,145,007.15

**Metropolitan Life
Insurance Company**

(A MUTUAL COMPANY)

1 MADISON AVENUE, NEW YORK 10, N. Y.



METROPOLITAN LIFE INSURANCE CO.
1 Madison Avenue, New York 10, N. Y.

Gentlemen:

Please send me a copy of your Annual Report to Policyholders for 1948.

NAME _____

STREET _____

CITY _____

STATE _____

(CONTINUED FROM PAGE 114)

discussed at women's clubs, sessions of a local service club, and on street corners.

The columnist of the local paper took issue with the series in his column. The bank answered in a letter, and the whole town got interested. The publisher told Mr. Woodward that he watched people come into the office, pick up the latest edition, and then, in most cases, look for the ad and the columnist's comment.

Requests for the ads have come from all parts of the country—a postcard from a woman in a little Vermont town, and a letter from a Minnesota village

where a woman wanted copies to use in a talk she was giving before the Ladies' Aid Society. Newspapers, magazines and organizations—among the latter the Edison Electric Institute of New York—have reproduced or commented on them.

Mr. Woodward believes the chief virtue of the series was their brevity. One hundred words was the limit; in many cases the message needed only 75 or 80.

A new series is being projected. This time the theme will be "Why I Am Proud to Be an American," and the approach will be positive rather than negative.

IS BANKING GEARED TO This Industry's NEEDS?

It's true that some forward-thinking banks are really giving service to the trucking industry—but, in most cases, banks are overlooking thousands of untapped opportunities.

Too many banks think that a motor carrier's financial statement should look about the same as a manufacturer's or a retailer's. They don't realize that trucking is actually a *public utility*—like the railroads or the telephone company.

Do you realize, for instance, that trucking firms need relatively little working capital? That they don't have major seasonal fluctuations? That all freight bills (except govern-

ment and interline) must be collected within 14 days? That they have no inventories to finance? Thus, there are no large amounts tied up in accounts receivable.

But motor carriers are continually faced with big equipment investments. And, due to the industry's rapid growth, have to keep step with increased freight capacity, new interstate routes, and plant and building expansion.

Here's a "home town" industry that offers you a virgin source of opportunities—one that gains greater importance as America's industries look for new ways to cut shipping costs!

Write for a free copy of "Motor Carrier Equipment Financing" for an intimate understanding of America's Major Transportation System.



DID YOU KNOW...

That growth of the trucking industry has not been at the expense of other forms of transport? Trucking has created business by serving towns not on railroads or waterways—and by its role as one of America's biggest

EXPORTERS.



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

No. 13 of a series on Communism by Herb Woodward, V. P.

If Communism Is Better Than Private Enterprise

Why do Russian school teachers jump from 3rd story windows to stay in America?

Why did Russia have to kidnap Mrs. Koenck?

Why do Olympic athletes from satellite countries stay in England instead of going home?

When will American Communists quit believing that people behind the iron curtain are happier and better off than under American Presidents?

COLUMBIA HEIGHTS STATE BANK

Your home owned Home Town Bank

Member Federal Deposit Insurance Corp.

An ad in the free enterprise vs. communism series

Chinese Coin Exhibit

GARDNER (Massachusetts) TRUST COMPANY invited school children to visit the bank to see a collection of Chinese coins and items of barter representing a period of 5,000 years.

The collection, loaned by Pan-American World Airways of Long Island City, New York, which is making it available to banks, was assembled by Georg Rinvold, a Norwegian missionary and Y.M.C.A. worker in China.

The coins were shown in the bank's lobby. President Howard D. Ferguson wrote to school principals in Gardner and nearby communities suggesting that the pupils might be interested in seeing the exhibit. Arrangements were made for several visits.

The KELLOGG CITIZENS NATIONAL BANK of Green Bay, Wisconsin, celebrated its 75th anniversary by publishing a pamphlet history of its three-quarters of a century.

NATIONAL BANK OF COMMERCE, Chicago, is distributing the 1949 edition of a long-range business chart.

Several members of the Florida National group of banks are serving free orange juice in their lobbies this winter.

The SEATTLE-FIRST NATIONAL BANK has received a certificate of merit and honorable mention from the Pacific Coast Division of Advertising of the American Newspaper Publishers Association for a humanized newspaper advertising campaign. The Seattle Ad-

vertising and Sales Club also gave recognition to the bank's series.

The FEDERAL RESERVE BANK OF CHICAGO has issued a 1948 supplement to its pamphlet, "A Financial and Economic Survey of the Meat Packing Industry," bringing up to date the essential features of the original study, which appeared in 1946, and a 1947 supplement. The report represents the joint efforts of the bank's research staff and the Robert Morris Associates.

FIRST NATIONAL BANK of Hollywood, Florida, celebrating its 25th anniversary, published a two-page newspaper ad that included a picture of each staff member.

"Don't Buy a Zebra!"

The Swedish savings banks have been taking an active part in their country's drive against inflation.

They organized an extensive advertising campaign keyed to the slogan "Don't Buy a Zebra!", that animal symbolizing all the unnecessary things people purchase. The zebra was presented to the people through many media: newspaper ads, colored posters, a

one-minute movie, car cards, stamps, etc.

A survey of the campaign's effects indicated that 85 percent of the public recognized the zebra and 72 percent understood the meaning of the symbol. Persons interviewed were also asked whether the zebra advertising had influenced them to the extent that they had refrained from a purchase they otherwise would have made. Ten percent answered Yes, 76 percent said they hadn't been influenced, and 14 percent didn't know.

Last month BANKING briefly reviewed a few of the 1948 bank reports that, for

one reason or another, seemed unusual. Here are more:

Annual Report, Annual Party

At the annual meeting of the DAIRYMAN'S STATE BANK of Clintonville, Wisconsin, there is, as you may know, an entertainment. This year the bank's owners heard a ventriloquist and a musician before the session was called to order.

Each stockholder of the Dairyman's is privileged to invite guests, and gets four tickets in advance of the meeting, although more are available if needed.

The bank's report for last year, a

DETTA ÄR KARLSSONS VÄG
FRÅN ARBETET TILSTIDNA
AVLÖNINGSDAG:

KÖP MËJ KARLSSON!

for the kind of
correspondent
service that will
add distinctly to
the service
you
render:

AMERICAN
NATIONAL BANK
at Indianapolis

Member Federal Deposit Insurance Corporation



Karlsson

köpte ingen

...men han satte in en del av sin avlöning
i sparbanken — där han får högsta
ränta på sina pengar!

Here's one o the Swedish savings banks' anti-inflation ads. It says: "This is Karlsson's way home from his work last payday." Leaving his place of employment he avoids the zebra's plea, "Buy Me, Karlsson," and stops instead at the savings bank. The copy concludes: "Karlsson did not buy any zebra . . . but he deposited part of his pay with the savings bank—where he gets the highest interest on his money!"

PROTECTION and SAFETY GO HAND in HAND

More cars on the roads — more children in school means there's more reason for responsible thinking. The London & Lancashire Group salutes Agents and Brokers throughout the country for their work towards a safer America.



Worthwhile things deserve the best in protection



THE LONDON & LANCASHIRE GROUP

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD. • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD. • SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

four-page leaflet, bears on its fourth page an outline of Cashier Max Stieg's report. One of the features was "What a Stockholder Should Know About His Bank." Here's the necessary information, reduced to its lowest terms by Mr. Stieg:

"How sound is it? Record of management. Is the capital structure adequate? What do its assets consist of? What is its earnings record? What are its future prospects?"

A companion paragraph, "What a Bank Should Know About Its Stockholders" encompasses these points: "What are the individual needs of each stockholder? How many of the bank's

services is each stockholder making use of?"

"Chief purpose of this bank," said Mr. Stieg, "is to help build this community into a better place to live. Your cooperation will be appreciated."

A Report and a Calendar

FIRST NATIONAL BANK of Palm Beach assured preservation of its report, at least for the year, by including with it a calendar. The financial statement appeared on the first page, but the remainder of the pamphlet comprised the months of 1949. Two appeared on each right hand page; on the left was a picture, either a bank view or a Palm

Beach scene. And a perforation permitted hanging the booklet on the wall, for ready reference.

"To the Family"

The SCHENECTADY (New York) SAVINGS BANK, publishing its January 1, 1949, condition statement, emphasized "the human side" of its operations. With the statistics and a couple of charts went this message:

"The financial figures tell of the progress of this bank along sound, conservative lines and assure to our community the greatest service and protection to our depositors. Statistics, however, do not tell the entire story. The volume of our banking operations is large and has required the unremitting effort of an active staff just to keep up with the flow of deposits, mortgage loans, modernization loans, life insurance, and other services."

"Repeatedly throughout the year we have been grateful for the energy and devotion of a staff which has been called on for efforts beyond the usual line of duty."

Citizenship and Banking

The PENINSULA NATIONAL BANK of Cedarhurst, New York, combined a review of banking operations with a commentary on the individual's approach to the problems of the American economy. The workings of the bank and the operation of Government controls were explained, and there was a series of case histories that brought out the human side of banking.

The report, illustrated with sketches in color, urged active citizenship in the community and individual interest in national affairs and policies.

Broad Coverage

NORTHWEST BANCORPORATION of Minneapolis, which began operations in 1929, called its report "Twenty Years of Stewardship" and included not only results for last year, but the story of its two decades.

After reviewing economic conditions in 1948 and taking a look at the outlook for 1949, the report surveyed economic progress in the territory, the services of the affiliated banks, and the history of the 20 years. Numerous photographs added to reader interest.

The FIRST NATIONAL BANK in Shreveport, Louisiana, has started a school savings program. Letters explaining the plan were sent to parents of all pupils in advance of the opening, which was widely publicized by the local press.

Just What You've Been Looking For!



CR42S — Single-Face, Two-Tone Bronze
To Receive Two Kerr CHANGEPONT Fountain Pens



CR60D — Double-Face Satin Bronze CR70D — Double-Face Satin Chrome
For Use With Kerr CHANGEPONT Counter Sets

PERPETUAL CALENDARS

Modernly Designed in

BRONZE, CHROME or ALUMINUM

OTHER DESIGNS AVAILABLE . . . Write for Illustrations and Prices

W. K. KERR PEN COMPANY
TULSA 5, OKLAHOMA

World Business

(CONTINUED FROM PAGE 47)

spective purchasers in the United States is that of the international trade fair. Commerce has a special branch devoting itself to this type of marketing technique and counseling American traders in its use.

"Chief among the intangible items in our international account is travel. The Department of Commerce, in cooperation with official travel agencies in the ECA countries and elsewhere, is active in the promotion of travel between the United States and foreign areas. The travel branch is now engaged in a program designed not only to provide information concerning the extent and condition of travel facilities in the European and other foreign areas but also directed at the elimination of artificial barriers to travel such as burdensome visa requirements and the like.

"The OIT works closely with foreign chambers of commerce in the United States, foreign missions and attachés assigned to trade promotion in the United States, and maintains complete information and over-the-counter service through the utilization of the 46 field offices of the Department of Commerce located in the important commercial centers in this country."

Countries Fail to "Sell" Products in U. S.

Another Commerce Department official, Thomas R. Wilson, director of the Areas Division, just back from a 14-week trip to Europe, Africa, and the Middle East, told BANKING:

"Throughout the Mediterranean area and Middle East are many commodities available for export to the United States. Some of these have been well known in the United States trade for a long time, such as wine, cotton, cork, olive oil, dried fruits, tobacco, petroleum, hides and skins, sausage casings, carpets, and certain handicrafts. However, many countries of that area have never systematically endeavored to merchandise their products in the United States. Handicraft articles are particularly vulnerable to poor merchandising. Practically all those countries have some distinctive handicrafts which, if properly merchandised, could develop a sizable market in the United States, particularly silver and gold jewelry, carpets, hand-embroidery work, and metalware.

"In Italy some manufacturers are preparing to enter the United States market with such items as motor scooters, which have become very popular in that country. In many countries of the Middle East I observed pistachio nuts as the most popular side dish at afternoon teas and cocktail parties. They have never been promoted in this country for extensive use in this capacity, but they might be.

"Portugal, Turkey and North Africa," continued Mr. Wilson, "can produce various minerals needed in the United States: tungsten, chrome, lead, manganese, and barites. Fibers, such as crin-vegetal and esparto grass, grow in quantity in North Africa. Sardines are available from Portugal and North Africa. Egypt is looking forward to producing fine cotton yarns, flax, medicinal herbs and dried onions for the United States."

Specialties Wanted

Informal tests have demonstrated that there is an unfulfilled desire for certain foreign specialties which are too expensive to produce here because of the hand labor involved

or are simply unobtainable in this country. In this category are many seeds which mature gradually from the top of the stalk and have to be picked by hand; hybrid seeds; and tulip bulbs. One company seeks imported porcelain insulators. A well known pharmaceutical house wants electronic microscopes, which are virtually custom-built. Denmark produces a special peat moss, very valuable as humus. Germany evolved special lactic acid bacteria which remain active for six months, and so prolong the life of silage. Another import potential is the German insecticide sprays which become harmless after a week or two, and so make unnecessary the washing and wasting of fruits and vegetables incident upon the use of Paris green or Bordeaux.

The American market, despite its possibilities, is approached with diffidence by many foreign businessmen. They fear—and not without some grounds—its very size. And many of them have been out of this market for practically a decade, for one reason or another. Yet the apparent difficulties can be overcome with study and effort. Camille Gutt of the World Fund, which would like to see Europe earn more dollars, was right when he remarked that "there is a wholly unwarranted pessimism in some European countries on their capacity to export to the Western Hemisphere."

The size of the U. S. market impressed itself forcibly on a certain small country which has been exhibiting some of its products here. Orders poured in beyond the capacity of the exporters to deliver. Now that same country, through the leadership of its embassy in Washington, is proceeding on the realization that the United States is not just one big market, but a great many regional and local markets. It is quite satisfactory if, in the case of a given specialty, selling effort be limited to a single concentrated area. With this approach, the problem is being solved.

The British realized this some time ago. The Hambro Plan was evolved by the well known London bankers. To promote sales of British consumer goods in the U. S., the Ham-



bro Trading Co., of America, Inc., was established. On the theory that the U. S. market consists of at least nine concentrations of consuming power, each with its own distinct characteristics and each requiring a specific approach, the trading company has lined up with a "first-class distributor" in each of the nine zones.

British consuls in the U. S. are devoting special attention to promoting British sales here. To this end, also, the Board of Trade in London has been reorganized. Moreover, various private efforts are being made to stimulate imports from Britain. Last year, for instance, Time, Inc., published an ambitious survey of the American market for 10 different classes of British consumer goods. Recently the U. S. representative of the government-subsidized British Export Trade Research Organization announced the forthcoming publication of a monthly, *British News*, to be distributed free to 12,000 leading American buyers. It is hoped by the publishers, W. S. Lockwood, Inc., that the circulation will later be greatly increased.

All of this suggests that imports are world business, too.

Flashes from the News Ticker

South Africa's decision to sell "industrial" gold at the premium price of \$41.50 per fine ounce equivalent, threw the World Fund into another tizzy. What stung the directors more than their helplessness in the face of the *fait accompli* was Finance Minister Nicholas Havenga's statement that the Fund is trying "behind tremendous facades of exchange controls" to maintain "the fiction that gold is worth only \$35 an ounce." Mr. Havenga added that this international problem "will soon be the touchstone of the success or failure of the International Monetary Fund."



The Fund's press release about Mr. Havenga's speech evoked an even angrier reply from the South African Government, which asked the Fund to supply "evidence and not the vague fears hitherto expressed by the Board" of the Fund. The latter will be given "full opportunity for expressing its views," but no assurance that South Africa will accept those views. Rejecting the Fund's reproof, Mr. Havenga advised Mr. Gutt that "no member has abdicated its right to criticize the Fund." He also corrected the impression "unintentionally created" by the Fund that the gold transaction in question is of a character requiring Fund approval or that the negotiation of future similar transactions requires consultation with the Fund.

□

Less than half a dozen companies have availed themselves of ECA's investment guaranty program. To encourage U. S. industry to invest abroad, ECA guarantees the dollar exchange for repatriation of the sums newly invested in ERP countries. The first four guarantees announced—all four covering investments in the United Kingdom—total only \$1,625,000. About a dozen others are now pending, principally in Britain, France, and Italy. There is one in the Netherlands and another under consideration in Austria.

□

Europeans, watching the American boom taper off, are afraid that pressure groups will spoil the ERP by dumping too many American surpluses abroad. ECA Administrator Hoffman is under pressure from many lobbies and maintains that this pressure must be resisted. At the same time—as may be seen from Mr. Hoffman's testimony before the Senate Foreign Relations Committee in opposition to a cut in the British ERP appropriation for next year—the ECA seeks support for the full appropriation by appeals to those same special interests. If the British share were cut, Mr. Hoffman argued, it would eliminate large shipments of American cotton, lumber and wood pulp, food, capital goods, etc. That, we may as well note, will happen eventually anyway, when and if ERP comes to an end.

□

Some people in the Treasury are wondering whether there is any point in keeping World War I debts on the books. The United States Government long ago ceased dunning the debtors every half-year. Those debts of course will never be repaid. But neither will some of the loans now being made. In fact, Secretary of the Treasury John Snyder thinks it foolish to provide any loans under ERP, on the very practical assumption that such loans will never be recovered.

□

The State Department's booklet, *Point Four*, bears out earlier suspicions that this feature of the President's Inaugural address was more oratory than plan. It is unofficially reported that total Government outlays under this long-range policy will be less than \$100-million—a mere bagatelle nowadays. *Point Four* is said to envisage encouragement to private American investments in foreign development.

A move in the opposite direction is reported from Cairo, where the government wants to be included in the ERP-Truman Doctrine, or something like it. The Standard Oil Company of New Jersey has suspended the operations of its Egyptian subsidiary until that country's attitude toward natural resources is clarified.

LAWRENCE WAREHOUSE COMPANY

NATIONWIDE FIELD WAREHOUSING

Lawrence warehouse receipts, issued on the borrower's inventory, protect the lender with collateral which is fundamentally sound. Lawrence is the largest, strongest and most experienced organization conducting nationwide field warehouse operations.

Annual Report as of December 31, 1948

SAN FRANCISCO

LOS ANGELES

PORTRD

SEATTLE

SPOKANE

STOCKTON

FRESNO

PHOENIX

CHICAGO

HOUSTON

DALLAS

NEW ORLEANS

DENVER

DES MOINES

KANSAS CITY

ST. LOUIS

CLEVELAND

CINCINNATI

NEW YORK

BUFFALO

BOSTON

PHILADELPHIA

PITTSBURGH

ATLANTA

CHARLOTTE

WASHINGTON, D. C.

MANILA, P. I.

ASSETS

CASH IN BANKS AND ON HAND	\$ 141,377.08
ACCOUNTS AND NOTES RECEIVABLE	1,684,923.93
DEPOSITS WITH INSURANCE COMPANIES	4,853.80
TOTAL CURRENT ASSETS	\$1,831,154.81
WAREHOUSE AND OFFICE EQUIPMENT	180,421.47
Cost	\$344,201.02
Less Reserve for Depreciation	163,779.55
OTHER PHYSICAL ASSETS	21,897.53
DEFERRED CHARGES TO FUTURE OPERATIONS	281,520.92
Prepaid Insurance	\$ 65,927.16
Inventory of Supplies	46,670.81
Improvements to Leased Property	70,968.00
Other Prepaid Expenses	97,954.95
DISCOUNT ON PREFERRED STOCK	10,868.30
TOTAL ASSETS	<u>\$2,325,863.03</u>

LIABILITIES AND NET WORTH

ACCOUNTS PAYABLE	\$ 175,067.05
NOTES PAYABLE TO BANKS	527,000.00
ACCRUED TAXES—NOT DUE	297,494.45
Income Tax withheld from Employees	\$ 89,715.43
Social Security Taxes	103,363.41
Federal Taxes on 1948 Income	95,655.22
Other Federal, State and Local Taxes	8,760.39
TOTAL LIABILITIES	\$ 999,561.50
NET WORTH	1,326,301.53
Preferred Stock—16,409 Shares— \$25.00 par value	\$410,225.00
Common Stock—25,784 Shares	373,520.00
Earned Surplus	542,556.53
TOTAL LIABILITIES AND NET WORTH	<u>\$2,325,863.03</u>

Bank Letters

(CONTINUED FROM PAGE 49)

chart showing the bank's own index of Arizona business since 1940. Page 2 discusses Phoenix as a retail trade center, gives bank debit gains in Tucson, and shows—in map form—retail sales trends in Arizona counties. Page 3 traces the statistical growth of retail firms in the state by months since 1945, with average monthly sales per outlet also shown graphically. Page 4 consists of statistics of business in the state, in Phoenix and in Tucson.

The *Wachovia*, published by the Wachovia Bank and Trust Company, Winston-Salem, North Carolina, once a month, devotes most of its 16 pages to state and local subjects. In Virginia the First National Bank of Roanoke's *News for Farmers* similarly emphasizes state or regional interest, as do publications of the First National Bank of Boston and the Girard Trust Company, mentioned above. Some bank publications are almost in the category of local magazines for the home. In this general category might be placed the Trust Company of Georgia's 30-page monthly, *The Associate Press*, a coated-

paper, illustrated publication. In Alabama the Albertville National Bank stresses local subjects in its *Albertville National Bank News*.

A bank publication consisting solely of charts on national economic developments is *Graphic Trends*, distributed by the Walker Bank and Trust Company of Salt Lake City. This 16-page monthly is also distributed elsewhere in the country. Its authorship is not stated.

Another specialized, syndicated bank publication is the above-mentioned *Results from Research*, which deals only with new products, materials and machines. This letter is pointedly designed to be a business-getter for the bank. Included in the letter is a box captioned "Seven Ways in Which We Can Serve You." These seven ways are indicated by questions:

Are you looking for—

- (1) A company to manufacture a product which you or your research department has developed?
- (2) Dealers to handle the sales of your products?
- (3) Source of supply for some material, machinery or equipment?
- (4) Products which you would like to add to your line for manufacture or sale?
- (5) An outlet for some by-product?
- (6) A buyer for your plant or business?
- (7) Publicity for a new type of product which you have just put on the market?

Let us know if you are, and we shall be glad to bring your needs to the attention of our readers. Since this bulletin is mailed each month to thousands of businessmen and industrialists in 24 different sections of the country, it is well suited to act as a clearinghouse where the problem of one company may be found to be the solution for another company, to their mutual advantage."

Usually bank letters are published under the name of the bank alone. Syndicated bank letters, however, generally give as well the name of the organization or individual preparing them. A few bank letters carry articles signed by a bank officer. Such is the *Bulletin* of the Empire Trust Company, New York, which bank permits correspondent institutions in five other cities to distribute the letter under their own imprimatur. The National Bank of Tulsa's *Speaking of Governments* is similarly signed by a vice-president; so is the St. Louis Union Trust Company's *Letter*, and the First National Bank of Akron's *Business Analysis*.

An unusual bank publication, en-

Works Both Ways

Allison's Coupon Books do the double job of handling both mail and personal payments with equal simplicity and economy.

There are no pass books to mail back—no receipts to complete—and no advance notices to send. This system has what it takes to save you trouble and expense in notifying, receiving and posting Time Credit Accounts.

For Complete Information and Samples Write
to Head Offices at Indianapolis 6, Indiana



WHEN A BANKER NEEDS A FRIEND!



Securing sound counsel about America's fastest growing cities, and the opportunities therein, is not the easiest problem that confronts a banker. But he may have confidence in the fact that over 57 years in this community, serving every type of business and industry, has privileged this bank to provide its correspondents with up to date information on request.



Member Federal Deposit Insurance Corporation
Head Office 5th and Spring Streets

Alank
ville
ely
l by
any
thly
the
d.
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tirely local in focus, is *The Thrift Advocate*, published by the Rochester (N. Y.) Savings Bank. It is aimed at the younger element of the population—"... for you and your parents."

Bank letters and other publications are practically all printed or otherwise processed. Only one of those examined by the writer of this article was mimeographed, and its periodicity of publication was not indicated. (This is the Mississippi Valley Trust Company's *Economic Commentary*, published in St. Louis.) Quite a few use more than one color of ink. Some, like *Business Comment* of The Northern Trust Company of Chicago, employ marginal captions in red ink. Others, like the Valley National Bank of Phoenix, use colored ink for charts.

The great majority of bank letters are limited in size to four pages. A few among those here reviewed are of one, two or three pages. Eight- and 16-page letters are not uncommon; and some run to as much as 24 pages, such as letters of large New York banks.

Relatively few bank letters employ photographic illustrations, those which do being more in the category of local magazines or house organs. A much larger proportion of bank letters use charts for graphic presentation. Some do this regularly and others only occasionally. The outstanding example of a chart-user is The Cleveland Trust Company's well known *Business Bulletin*. This 4-page monthly dealing with national trends builds its discussion around three or four charts, each of which carries the flavor of a test tube straight from the laboratory.

Preponderantly the content of bank letters is concerned with business and industrial developments in the nation as a whole. In some agricultural areas these letters dwell mostly on farm topics. Occasionally, bank letters deal with

a single topic, as in the case of the New York Trust Company's *The Index*, a quarterly devoted each issue to the analysis of some single industry. Occasionally, too, one finds a bank letter which treats of some noneconomic subject like communism. While this article does not include in its scope Canadian bank letters, in connection with the foregoing mention may be made of the monthly letter of the Royal Bank of Canada, Montreal, whose 4-page monthly discusses such non-banking subjects as "The Family and Its Problems," "Science in Our Lives," "School Children's Health," "Gradu-

ating Into Life," and "Wants of Man-kind." Four Canadian banks issue monthly letters.

The Canadian Bank of Commerce, Toronto, publishes a 4-page letter called *Monthly Commercial Letter*. The January issue, for example, has a short discussion of general conditions together with a small chart tracing the course of the bank's index of Canadian industrial activity during the past three years. It also devotes three pages to reprinting an address made by the bank's president at the annual shareholders' meeting entitled, "Canadian Economy Affected by World Events."



"After this be more careful about dropping papers!"

Now is the time to order
Christmas Savings Club supplies

Get exclusive benefits—Rand McNally Savings Club Systems feature use of registered, protective safety paper—for easier, more efficient handling of coupons. We also feature individualized systems—tailor-made to fit your every need.

Get the complete package—Rand McNally Savings Club Systems contain all materials necessary for efficient, economical operation of your Savings Club. Every type of system is available. Vacation Clubs, Tax Clubs, etc.

Write Rand McNally—right now! For samples and complete details.

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THIS CHAIR can Pay for Itself IN 6 MONTHS!

Yes, an employee seated in a SIKES chair can save at least $\frac{1}{2}$ hour per day productive effort, enough to pay for the chair within 6 months*

No more "late afternoon slump" with its loss of employee efficiency. The "Kradl-Tilt" back and patented "Fixed-Floating" seat which automatically assures proper posture, means a rested worker, a more productive worker. Simple hand adjustments custom-fit the Sikes X131 $\frac{1}{2}$ Clerical Posture Chair for correct sitting position all through the day. No wonder we can make the statement "this chair pays you back," — its economy has been proven!

Sikes Clerical Posture Chairs are of finest wood construction, finished to match any desk. Available in genuine leather or fabric also with famous KOOLCUSHION seat. At over 500 dealers coast to coast. Write us for name of nearest.

* "Look Behind the Price Tag" folder, proving Sikes is the most economical chair you can buy, sent on request.

THE SIKES COMPANY, Inc.
24 Churchill Street Buffalo 7, New York

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*Executive Vice President,
Ford Motor Company*

B. J. CRAIG
*Secretary and Treasurer,
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Murray W. Sales Investment Co.*

HENRY H. SANGER
*WESSON SEYBURN
President, Wesson Estates*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

In the same issue of the letter is a 1-page statistical supplement on Canadian trade and banking statistics showing the condition of the Bank of Canada during the preceding three months.

Monthly letters are also issued in Canada by the Bank of Nova Scotia and the Bank of Montreal. In addition, the Bank of Canada publishes a monthly statistical summary.

While also not embraced in this survey of bank letters, mention may be made of the excellent monthly letters—and annual reports—of the 12 Federal Reserve banks. These publications of course are the products of research staffs. They deal primarily with Federal Reserve District matters, on which they provide a unique source of information, and many member banks find it not only profitable to study these monthly reviews with care, but also advantageous to bring them to the attention of their customers.

Goodwill Is Built

In the case of bank letters such as those described in this article, whether it is more blessed to give than to receive is not easily ascertained. There is no doubt that a good bank letter is a steadily flowing spring of goodwill for the issuing bank, especially where the content is thoughtful and original. Some of the better letters receive invaluable monthly publicity in the press of the nation; and the issuing institutions, aware of the potentialities, supply the press with copies in advance.

Even where the content is not original with the bank, much goodwill can be obtained from a regular letter. An officer of a bank using a syndicated bank letter told this writer: "From a goodwill standpoint, this letter is the best thing we have hit upon. We have been using it for several years and now have 800 on our mailing list." It is good local advertising.

The correspondent bank angle is important, too. For one thing, a bank which permits its correspondent banks to distribute its letter with their own names on it is certain to gain from the relationship. In fact, it works both ways, firming the "ties that bind." Also, the correspondent banks find the letters of other banks useful sources of information about business trends in other places, or helpful checks against their own appraisals of the national economic outlook. Then again, an interior bank interested in foreign trade will find it useful to read regularly letters of big-city banks dealing with that subject.

—HERBERT BRATTER

BANKING

Shop Talk for Correspondents

A FEW chairs in the big room at the Hotel New Yorker were still vacant that morning, and BANKING took one.

The 250 bankers who awaited the gavel's tap had come from cities and towns in the Second Federal Reserve District for a correspondents' conference arranged by Manufacturers Trust Company of New York. Unfortunately BANKING can't cover all meetings of this type—there are many of them these days, scattered around the country—but here was a chance, almost next door to the office, to sample the 1949 variety, and we went over, with a pocketful of pencils and an attentive ear.

As you looked around the room you were again impressed by a fact bankers' meetings always emphasize: Busy men are never too busy to learn. For this gathering, like others of its type, was essentially educational. The guests were there to hear a review of current banking problems by the staff experts of a big city bank. The solutions evolved by this institution were based on principles and practices that could be adapted to the uses of the smaller banks, and the cause of better banking thus served.

The clinical method was used. Officers of the Manufacturers spoke on a wide variety of bread-and-butter subjects: legal problems, personal, automobile, and accounts receivable loans, special checking accounts, pension and group life insurance plans, FHA and GI loans, credit for small business, and foreign collections. Most of the speakers discussed specific cases that had come up in the bank, and told how each had been handled.

The program was conveniently broken at noon by a luncheon in the hotel at which columnist and commentator George E. Sokolsky spoke; and it terminated with a dinner.

BANKING makes no attempt to report the meeting—"clinic" is a more descriptive word—for the discussion was informal and detailed, the sort of shop talk that passes back and forth whenever a couple of bankers get together. But we can, perhaps, convey a few impressions.

Henry C. Von Elm, chairman of Manufacturers' board, set the pitch in his address of welcome when he said that the conference was to be a free discussion and that audience participation

was invited. Inasmuch as the visitors were vitally interested in the business outlook, he ventured a few opinions about it: A readjustment, he felt, would be a good thing if it came while heavy industries, such as steel, automobiles, housing, and kindred lines, could hold up the national economy while other lines, where weaker situations had developed, were levelling off. Indeed, such a course for business as a whole seemed not unlikely.

The chances for an early increase in

reserve requirements, Mr. Von Elm thought, were somewhat dim; the inflation would probably have to go considerably further before that step was taken.

Then Louis P. Christenson, vice-president and senior loaning officer, who arranged the conference, took over. He explained that speakers would take the visiting bankers on a rather intimate trip through the Manufacturers' departments, telling some of its experiences and pointing out some of the

FINANCIAL STATEMENT

DECEMBER 31, 1948

ASSETS

CASH ON HAND AND IN BANKS.....	\$ 5,186,464.30
BONDS: U. S. Government.....	48,349,457.03
Other Bonds.....	17,563,399.14
CASH AND BONDS.....	\$ 71,101,321.07
FIRST MORTGAGE LOANS ON REAL ESTATE.....	39,288,726.09
F. H. A. LOANS.....	33,627,096.25
LOANS GUARANTEED BY VETERANS' ADMINISTRATION	7,919,786.90
HOME OFFICE BUILDING.....	790,000.00
OTHER REAL ESTATE AND SALES CONTRACTS.....	202,591.77
STOCKS.....	227,206.00
INTEREST AND RENTS ON INVESTMENTS ACCRUED BUT NOT YET DUE.....	800,460.47
INTEREST AND RENTS DUE ON INVESTMENTS (None of which is past due more than 90 days).....	114,295.92
OTHER ASSETS, PRINCIPALLY NET PREMIUMS IN COURSE OF COLLECTION.....	2,406,554.53
LOANS TO POLICYHOLDERS.....	13,975,787.01
TOTAL ASSETS.....	\$170,522,826.01

LIABILITIES

POLICY RESERVES.....	\$157,182,827.75
MASS HAZARD RESERVE FOR GROUP INSURANCE.....	1,633,506.00
PREMIUMS AND INTEREST PAID IN ADVANCE.....	1,177,682.38
RESERVE FOR TAXES.....	1,448,266.32
ESCROW FUNDS (Deposited by mortgagors for payment of taxes and expenses).....	472,476.30
RESERVE FOR ACCOUNTS NOT YET DUE.....	866,013.55
POLICYHOLDERS' DIVIDENDS.....	2,217,550.06
TOTAL.....	\$164,078,323.26
PORTION OF CURRENT YEAR'S EARNINGS AVAILABLE FOR FUTURE DIVIDEND DECLARATION TO PARTICI- PATING POLICYHOLDERS.....	211,500.00
NET EARNINGS TO BE DISTRIBUTED TO POLICY- HOLDERS IN ACCORDANCE WITH THE PURCHASE AGREEMENT.....	2,038,681.00
SURPLUS.....	3,294,321.66
TOTAL LIABILITIES.....	\$170,522,826.01

GENERAL AMERICAN LIFE INSURANCE COMPANY
WALTER W. HEAD, PRESIDENT

SAINT LOUIS

ENVELOPES

Geared to the
Banking Business



BANKERS FLAP

...seals quickly and stays sealed.
Protect bulky mail in these strong-shouldered, wide seamed, deeply gummed envelopes. Write for samples and prices.



TENSION ENVELOPE CORP.

New York 14, N. Y.
Minneapolis 1, Minn.
St. Louis 10, Mo.
Des Moines 14, Iowa
Kansas City 8, Mo.

ILLUMINATED EXTERIOR BOARDS



Also for indoor or outdoor use, Changeable Letter, Cork Bulletin and Name Strip Directories. For Complete Information, Sketches and Prices write Dept. F-4.

ACME 37 EAST 12TH STREET
NEW YORK 3, N. Y.
★ BULLETIN COMPANY

present pitfalls of the banking business.

Lending policy was the starting place. It seems advisable to shorten maturities as much as possible—say not over five years—and to make term loans only to old, well established customers. It's also important to equip each loan with an escalator clause tied to the rediscount rate for the banks' protection against slowly rising interest rates.

Also, Mr. Banker, sell your money. It's been, and still is, difficult to get the higher rates that are justified by the higher costs of doing business, and there is a tendency to meet competitive rates. Here's where salesmanship can be useful. Remember that the good service you've been giving a customer over a period of years counts for something—and sell that fact. Explain to your customers that the bank's expenses, like theirs, have risen. The chances are good that he'll say: "Okay, you can renew that loan at 3 percent instead of the old 2½."

And here are a few pointers on loans—familiar ones, of course, but worth emphasizing: Study a financial statement. Watch carefully a borrower who wants to enter a new line of business. Not only is there the obvious danger that he won't succeed; on the contrary he may succeed too well and seriously overexpand before he has become firmly established. On the whole, it's important that a customer stick to the line he knows.

A HUNDRED and one legal problems crop out in everyday banking, and some of them were pointed up by Vice-president Harold H. Kaufman, who is also an attorney. Take the simple promissory note. Most bankers assume that they have ready access to a bank balance when a customer gets into trouble, whereas the fact is that the usual note form is antiquated and doesn't, normally, give the lender a right to set off a deposit balance unless the note is due at that moment. The form should include every possible protection for the bank; its provisions should make the obligation payable if specified contingencies arise. After all, when a bank lends, it's assuming that the borrower's credit is as good as its cash, and the lender is entitled to every measure that will protect its funds.

In short, put into the note, and into the borrower's financial statement form as well, all the accelerating provisions that will make the indebtedness payable immediately when, as, and if certain things happen.

The courts have held, remember, that normally a bank can't set off a

borrower's deposit when the contract contains no specific agreement for such action. So—close the loopholes.

Mr. Kaufman also talked about the guaranty vs. the endorsement, favoring the former because, among other reasons, it can cover overdrafts, letters of credit, bills receivable, and improper protests, and because it permits renewal of a note even if the maker is not available on the due date. He also discussed accommodation guarantees and subordinations, giving the bankers a brief refresher course on the legal aspects of these credit tools.

In general, banks were advised to watch the progress of a business; the time has passed when you can be sure a loan will be repaid. Keep maturities as short as possible, get frequent trial balances, read the borrower's credit file. And if you feel a customer is getting into trouble, don't try to work it out yourself. Consult your attorney.

AFTER lunch Vice-president John B. Paddi told the visitors about the personal loan department which he heads.

79th consecutive dividend

A quarterly dividend of 65¢ a share, plus an extra dividend of 15¢ a share, has been declared on the common stock of this company, payable on April 1, 1949, to stockholders of record March 9, 1949.

R. E. Horn, President • Feb. 24, 1949

Abbott Laboratories
Manufacturing Pharmaceutical Chemists
North Chicago, Illinois

**HEAVY DUTY
CARTRIDGE
WRAPPERS**

- EASIER FILLING
- SAFER HANDLING
- CLEARER PRINTING

A Complete Line of Money Wrappers

STANDARD PAPER GOODS
MANUFACTURING COMPANY
Free Samples WORCESTER 8, MASS.

In his opinion the demand for consumer credit during the next decade will eclipse anything previously seen. The public now regards this form of credit as desirable and respectable, and there are attractive new markets to explore—markets offered by the rising birth rate, the extent of savings reserves, the increasing amount of goods available and the advertising support they get.

Satisfying peoples' needs is a most effective way of keeping their goodwill. On the whole, borrowers use their credit wisely and constructively. However, the desire for instalment credit volume is tempting, and it should not lead to a relaxation of the qualification requirements.

NOTETAKERS were busy during Assistant Secretary Ralph H. MacKinnon's discussion of accounts receivable loans. He took up a number of specific cases, told how the bank had handled them, and then offered these general suggestions on this type of credit: The moral integrity of the borrower must be scrutinized; his product must be well established; the credit analysis must be made more carefully than in the case of unsecured loans because the bank is giving two or three times the accommodation; and loans must be carefully supervised after they are on the books.

Special checking accounts, Assistant Secretary Maxwell Kalb told the conference, are valuable feeders to other departments of the bank. When he asked how many of the bankers present were now providing this service, nearly everyone raised a hand, and he commented that at the last conference, held four years ago, only a handful had answered the same question affirmatively.

A monthly maintenance charge—say 25 cents—will bring some closeouts, but they'll be mostly inactive and therefore unprofitable accounts, so that in effect the charge provides an opportunity for a house-cleaning.

As for imprinted checks, numerous banks are now handling this service themselves and the day will probably come when every check will bear its maker's name in type. Sale of the books is profitable.

But time was running out and the discussions of other topics on the agenda had to be compressed.

By the dinner hour the memories, as well as the notebooks, of the 250 bankers were full of facts, and the one-day refresher course was over.

Savings Bonds Campaign

THE Savings Bonds Division of the Treasury held a conference in Washington late in February to discuss promotion plans for the Savings Bonds campaign which will open on May 16. The conference was attended by members of the Savings Bonds Division's field staff, state chairmen and officials of state governments, and representatives of industry, agriculture, labor and education.

H. Frederick Hagemann, Jr., president of the Rockland-Atlas National Bank of Boston, and chairman of the A.B.A.'s Committee on Treasury Savings Bonds, presented a brief talk on banking's part in the Savings Bonds program.

He pointed out that about 85 percent

of all Savings Bonds bought by the public are being issued by the banks and that both the Association and banking will continue their support of the Savings Bonds program. He also stated briefly that very close cooperation should be established between Treasury officials responsible for Savings Bonds advertising and the A.B.A. committee, inasmuch as some of the recent advertising material has placed banks in an unfavorable competitive light with regard to savings.

It was announced at the meeting that the Treasury will shortly make available to banks a new descriptive folder for enclosure in bank statement mailings titled, "Are You On The Job Planning Your Future?" It will also provide a

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THE FIRST
NATIONAL BANK
IN ST. LOUIS
ST. LOUIS' LARGEST BANK

SYMBOL OF DEPENDABILITY

Personnel trained to fulfill all correspondent banking needs assures fast, dependable service to correspondents of the First National Bank in St. Louis. We cordially invite you to call on us for complete correspondent service.

Member Federal Deposit Insurance Corporation

new poster for bank lobbies carrying the slogan, "This Bank Urges You To Buy U. S. Savings Bonds."

Following the meeting Secretary Snyder announced state quotas for the drive, which will continue from May 16 through June 30.

The national sales goal for E Bonds will be \$1,038,850,000 and the theme of the campaign will be "Put More Opportunity in Your Future."

The quotas for individual states are as follows:

(In thousands of dollars)

<i>State</i>	<i>Series E Quotas</i>
Alabama.....	9,060
Arizona.....	3,740
Arkansas.....	6,780
North California.....	30,660
South California.....	42,140
Colorado.....	9,300
Connecticut.....	14,780
Delaware.....	2,180
District of Columbia.....	11,980
Florida.....	12,180
Georgia.....	11,460
Idaho.....	2,700
Illinois.....	89,000
Indiana.....	28,220
Iowa.....	32,000
Kansas.....	19,260
Kentucky.....	13,430
Louisiana.....	10,200
Maine.....	3,900
Maryland.....	12,700
Massachusetts.....	31,540
Michigan.....	48,500
Minnesota.....	26,020
Mississippi.....	6,780
Missouri.....	32,280
Montana.....	5,410
Nebraska.....	18,320
Nevada.....	950
New Hampshire.....	2,290
New Jersey.....	36,920
New Mexico.....	2,350
New York.....	127,830
North Carolina.....	12,000
North Dakota.....	7,410
Ohio.....	61,630
Oklahoma.....	14,350
Oregon.....	9,790
Pennsylvania.....	82,600
Rhode Island.....	5,200
South Carolina.....	6,250
South Dakota.....	10,100
Tennessee.....	11,200
Texas.....	36,950
Utah.....	3,250
Vermont.....	1,660
Virginia.....	16,100
Washington.....	16,200
West Virginia.....	10,700
Wisconsin.....	27,200
Wyoming.....	1,400
Total U. S.	1,038,850

Your Customers Are Your Acres of Diamonds

THREE was a man in South Africa who craved riches. He sold his small farm and wandered far and wide in search of wealth. At last he returned to his community, discouraged, to find that the farm he had sold was now one of the world's richest diamond mines. He had overlooked the acres of diamonds right in his grasp.

Banks for years have been searching for the best way to reach progressive people in their communities. Is it not possible that your acres of diamonds are your present customers? Isn't it probable that the best avenue of all is your statements to these customers?

This is a matter of simple logic. When you present an idea to a stranger you have two things to sell—confidence in you, and belief in your idea. When you present an idea to a customer you have just one thing to sell—the idea. The confidence already exists, or else the person wouldn't be a customer.

Present checking account customers are excellent prospects for savings accounts, loans, safe deposit boxes and trust services. But they are more than prospects for other services. They are also a receptive audience for the very important ideas that banks should, or must, convey to people.

We have to convince the people that the free, chartered system of banking is best for everybody. We won't do this by publishing an ad now and then in the

One of the new A.B.A. series of ads AMERICAN BANKING IN ACTION



ANOTHER AMERICAN IDEA

More than one-hundred million American cars have rolled off the assembly lines. Only in a country like ours—where the mechanic who makes a car also makes enough money to buy one—can cars be made and sold in million lots. Your money in the bank helps to finance automobile production and to make jobs for 9 million workers in this field. When you buy a new car, bank credit will help you finance it. This is the system of American free enterprise and free chartered banking at work for you!

D-7

paper. We won't do it by waiting until there is legislation before the Congress to socialize banking and then rushing into print to defend our present system.

Arthur Furnish, vice-president of the Louisville Trust Company, Louisville, Kentucky, and editor of the *Kentucky Banker*, has coined a slogan that makes a lot of sense: "Mail a Message a Month." Mr. Furnish is urging bankers in Kentucky, and all others who will listen to him, to use their regular statement mailings for sending advertising and public relations messages.

So why wrack our brains searching for new ways to reach the people, when the best way of all is right at hand and only partly used? If we can convince our depositors, we will have convinced a big cross-section of America. Not that non-depositors aren't tremendously important to reach and influence, but like charity, good bank public relations should begin "at home."

Source of Messages

The problem of keeping a steady flow of effective printed material going to depositors in statements brings up an immediate question of where to get the messages. One very effective but little-used idea is to reprint selected newspaper advertisements and use them as statement inserts. Your newspaper will have the ads all set up with your signature. All you need to do is have sufficient copies run off and folded to envelope size. Colored paper can be used effectively for this purpose.

A very effective newspaper series that can be used for this dual purpose is the new A.B.A. program entitled "American Banking in Action." As illustrated here, these ads combine the elements that make banking's story interesting reading. If you run four ads a month and send statements monthly, you could reprint the best ad each month and use it as a statement enclosure.

For doing a more direct job of selling bank services, blotters and folders always make good statement inserts. Right now the A.B.A. Advertising Department is having heavy demand for material on savings, checking accounts, banking-by-mail, auto loans and safe deposit. A steady stream of new material is always available, and banks are invited to use this source to supplement their own production of material.

—JOHN B. MACK, JR.

BANKING

Fifty-Ninth ANNUAL STATEMENT

DECEMBER 31, 1948

ASSETS

United States Government Bonds	\$17,980,988
All Other Bonds	1,569,908
Preferred and Guaranteed Stocks	2,974,102
Common Stocks	6,355,309
Cash in Banks and Offices	3,226,126
Premiums Receivable not over 3 months due	270,938
Other Assets	495,493
TOTAL ADMITTED ASSETS	\$32,872,864

LIABILITIES

Unearned Premiums	\$7,008,704
Outstanding Losses and Claims	5,690,341
Taxes, Expenses and Commissions	1,457,313
Funds Held under Reinsurance Treaties	1,427,925
Non-Admitted Reinsurance	2,752,173
TOTAL LIABILITIES, EXCEPT CAPITAL	\$18,336,456
Capital Stock	\$2,000,000
Surplus	11,199,469
Unrealized Appreciation of Investments	1,336,939
Surplus to Policyholders	\$14,536,408
TOTAL	\$32,872,864

Investments valued at \$1,273,795 are deposited with government authorities as required by law.

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HENDON CHUBB, *Chubb & Son*

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J. P. Morgan & Co., Incorporated*
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UNITED STATES GUARANTEE COMPANY

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Fidelity • Surety • Casualty
Aviation Insurance through Associated Aviation Underwriters

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

Established 1912

Cable address for all offices—Bancoquia

Capital paid-up: \$8,195,000.—Pesos Colombian

Reserves: \$9,244,364.—Pesos Colombian

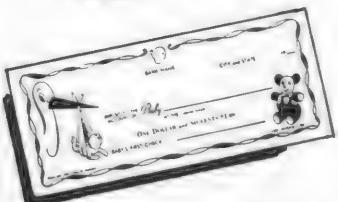
General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTÁ, Bucaramanga, Cali, Cartagena, Cartago, Cúcuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

New York Representative—Henry Ludeke, 40 Exchange Place, New York 5, N. Y.

HOW TO INCREASE SAVINGS ACCOUNTS in your bank . . .



Send this handsomely designed "Baby Check" and a congratulatory note to parents of new babies and watch savings accounts grow!

If yours is a big bank — a leader in the community, "Baby Checks" will help add to your prestige. And if it's a smaller bank, "Baby Checks" mean you'll give the leaders real competition.

It's easy to have a baby . . . save money in your bank!

Available on an exclusive basis. Write for sample check and complete details. No obligation.



SCHOOL BANKING

at its best



A Complete Program For Banks and Schools

- ★ EXPERT PERSONAL GUIDANCE—
- ★ ALL BANK AND SCHOOL MATERIALS—
- ★ SUPERIOR EDUCATIONAL AIDS—
- ★ THOROUGH INSTALLATION—
- ★ SIMPLIFIED PLAN—
- ★ LOW COST OPERATION—

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Write to

EDUCATIONAL THRIFT SERVICE

32 PARK PLACE NEW YORK 7, N. Y.
An Old Organization with New Ideas

The "New" \$20 Bill

SOME banks, the Secret Service reports, are not convinced that the balcony on the south portico of the White House is also pictured on the back of new \$20 bills. They have been calling U. S. Secret Service offices reporting counterfeits which prove to be new genuine bills.

The \$20 notes with the new back have been in production since November 1948. The change was made in the belief that the public would find the new note more attractive artistically, as well as more up-to-date in the White House portraiture. Various structural alterations and modifications of the grounds are evident in comparison with the 1929 version shown on the preceding issues.

The structural changes include the second-floor balcony and the four chimneys of the present time, in place of the two which existed in 1929. Individual panes of all visible windows could be clearly discerned in the 1929 design, but in the new engraving the bottom portions of the windows are of solid color, giving the impression that they are open.

The grounds are a deeper green in the new design, due to the presence of additional trees and shrubbery and heavier foliage. The White House flag hangs at an angle from its staff in the new engraving, whereas in the 1929 vignette it blew straight out. Lettering beneath the building has been changed from "White House" to "The White House."

The front of the \$20 note remains unchanged.



"Can I get into my safe deposit box?"

BANKING

Arthur N. Hamelin,
INCORPORATED
Dept. B
37 Merwin St., Springfield, Mass.

Stockholm's Busbank

A LETTER to BANKING from J. E. Bylund, president of the Gefleborgs Läns Sparbank, Gävle, Sweden, points out that an idea of bankers in the United States has been adapted to Swedish needs. The idea is that of a bank on wheels, one such "busbank" having been described in BANKING for February 1946.

The Swedish people, with their generations-long habit of savings and thrift, have found in the past few years that their regular savings account deposits were becoming more and more difficult.

Sweden has one of the world's highest tax rates—so high that a stenographer earning kr. 500 a month (about \$140) pays about 14 percent of that amount per month as a preliminary tax, with the possibility of some extra charges at the yearend.

Another factor that has brought savings bank accounts to a low ebb is high rentals and other costs. Furthermore, there is a tax on savings themselves.

Realizing that drastic steps had to be taken to bring savings accounts back to their former popularity, the Stockholm Stads-

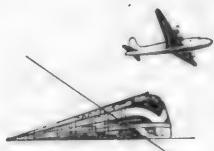


AMERICAN-SWEDISH NEWS EXCHANGE

Sparbank, largest savings bank in Stockholm, attacked the problem first from the standpoint of making savings as convenient as possible. The savings bank bus was introduced.

The public's introduction to "The Rolling Savings Bank" was preceded by a newspaper advertising campaign which gave the route of the bus, its scheduled stops in various suburbs and an outline of the bank services that could be performed by its staff of two—the manager-driver and the cashier.

According to G. Toksvig, writing to BANKING about this new wrinkle in thrift, the bus is evidently fulfilling a long-felt need, particularly in suburban areas where no savings bank branches existed. But, he says, "whether the rolling savings bank will stimulate the Stockholm citizen's desire to save, now so sadly declining, still remains to be seen."



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enjoy
"acting
host"
for you



We act as Chicago "host" for correspondent banks everywhere, of every size. Meeting the requirements of these banks, and their customers, is an American National tradition.

If you or your depositors have interests in Chicago, our experience and location can be of help to you. In every instance, we offer prompt, experienced, interested cooperation that many banks have found of unusual value.

Your inquiries are invited regarding any phase of this service.

AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

LA SALLE AT WASHINGTON, CHICAGO 90



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Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.



AIRLINES—INVESTIGATE THEN INVEST. A 28-page analysis of the air transport industry including a statistical financial summary of each of the scheduled airline companies. This report reviews the postwar developments and deals with the over-all factors affecting the industry. Contains many illustrations and charts with map, etc., showing main domestic air routes—compares airline and Pullman travel over several years as well as showing growth of air mail, express and freight. Other similar reports prepared by the same well known authorities deal with the PETROLEUM industry and CHAIN STORES. Also, a SECURITY AND INDUSTRY SURVEY, a 48-page quarterly statistical summary for February, is now off the press. For any of the above write *Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N.Y.*



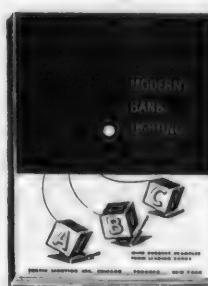
FIRST STEP TO BETTER HEATING AND PLUMBING FOR YOUR HOME—New 48-page home book shows colorful bathrooms, kitchens, basements, utility rooms,

and contains many helpful ideas on planning a home for beauty and comfort. Describes and

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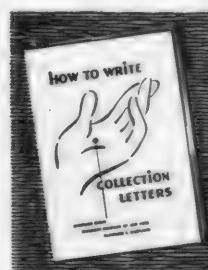
illustrates a wide variety of smartly styled American Standard heating equipment and plumbing fixtures for homes of every type. Write *American Radiator and Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pa.*



"TRENDS IN MODERN BANK LIGHTING" is a new 12-page brochure written specifically for banks. It contains many illustrations of bank lighting installations and goes into detail concerning the four major phases of appropriate lighting control. The book should prove of considerable value to banks interested in modernization, construction and maintenance. Book is offered free by *Curtis Lighting, Inc., 6135 W. 65th Street, Chicago 38, Illinois.*



"YOUR LAND" is a 44-page booklet outlining practical methods for preventing and curing soil erosion. Its numerous illustrations and charts present the subject in terms that are strikingly clear and interesting. Single copies available free from *Bethlehem Steel Company, Bethlehem, Pennsylvania.*



"HOW TO WRITE COLLECTION LETTERS." This 46-page booklet contains 50 prize winning letters used profitably in various lines of business. It includes an outline covering advice on timing of collection letters and other essentials of good collection department organization. Write to *American Credit Indemnity Company, First National Bank Building, Baltimore 2, Md.*

New Books

Par Collection

THE PAR COLLECTION AND ABSORPTION OF EXCHANGE CONTROVERIES. By Melvin C. Miller. Bankers Publishing Company, Cambridge, Massachusetts. 137 pp. \$5.

MR. MILLER, widely known as the deputy manager of the American Bankers Association who is in charge of the Bank Management Commission and the State Bank Division, has written the history of what is perhaps banking's hottest squabble. The book is an enlargement and revision of the thesis the author prepared as a requirement for the diploma of The Graduate School of Banking of which he is an alumnus. Its thorough treatment of a subject that has held the attention of bankers for so long gives it the permanence of historical writing.

Mr. Miller concludes (the opinion is his, not the Association's) that par clearance is "highly desirable from the standpoint of the business and commerce of the country and from the standpoint of the banking system itself." It is, he observes, "about the only banking practice on which the banks of the country are divided and bitterly oppose each other. How fortunate if the banking system could be united on this principle and present a united and cooperative front in serving business, the public, and the nation!"

The par collection controversy has its roots in the early 19th Century, although it reached and remained in a highly volatile state after the organization of the Federal Reserve's check collection system. The nation's attention was centered on the dispute as recently as 1943-44 when the Board of Governors of the System prohibited absorption of exchange charges as an indirect payment of interest on demand deposits, and the question was hotly debated at congressional hearings at that time.

Mr. Miller's book gives the background of the controversy, recent developments, arguments on both sides, and the present status of the two problems. Reviewing check collection practice before the introduction of clearinghouses, the story proceeds chronologically through the early years of the Federal Reserve System to the litigation of the 1920s and 1930s (covered in some detail). The exchange absorp-

tion debate of the '30s and early '40s, together with the congressional hearings, are narrated, and then comes a summarization of state legislation, litigation, and other pertinent happenings from 1920 to 1948. Arguments for and against par collection and absorption are set forth carefully. A statistical chapter on the number of par banks is followed by the author's conclusions, noted above.

C.

With Banking Background

POINT OF NO RETURN. By John P. Marquand. Little, Brown, Boston. 559 pp. \$3.50.

THE author of *The Late George Apley* tackles a new theme—banking in its background effect on ordinary lives, like those of Charles Gray, assistant vice-president of the Stuyvesant Bank in New York, and of his wife Nancy.

Most of those schooled in the history of Manhattan finance will immediately decide that the Stuyvesant is the old Fifth Avenue Bank, the revered brownstone institution at the northwest corner of 44th Street and New York's famous thoroughfare. It's the bank with wood-burning fireplaces, rolltop desks, and wallpaper bearing heraldic arms.

Into the Stuyvesant, with President Tony Burton at the foremost desk, strides Gray, about 43, a veteran of World War II, to pass his business day. In the bank is one Roger Blakesley, also an A.V.P., who has plenty on the ball himself. The neckties of both are adjusted correctly and there remains only the nod from the directors to decide who shall become full vice-president. Pages, tellers, and secretaries have even formed a pool for betting. One or the other, Gray or Blakesley, must be promoted.

Here's Marquand's introduction to the bank: "Though you seldom talked of salaries at the Stuyvesant, your social position was obvious from the position of your desk. Charles occupied one of the two flat mahogany desks that stood in a sort of no man's land between the roll-top desks of the officers and the smaller flat-tops of lesser executives and secretaries crowding the floor of the bank outside the cages."

But from there on, Marquand takes us to scenes of Gray's early childhood in Clyde, Massachusetts. His impecunious but philosophical father dissipates

an inheritance in the 1929 stock market, from which fact probably arises his son's contra-ability as a trust officer in handling other people's money.

Charles' loves, particularly for Jessica Lovell back in Clyde, get us deep into the story of what goes on in the average mind. It was a question of beating the system. "The system, Charley. You have to beat the system," his father had said. The reader will rejoice in the manner of combating the "system."

Mr. Marquand has something to say about banking and its effect on the social life of people who devote their lives to it: "There . . . is a sort of loyalty, as much as there could be loyalty to as cool and grim an institution as a bank." To this bankers must take exception!

Mr. Marquand does no harm to banking, as such, although his novel emphasizes the extreme competition between capable executives. Sometimes you could wish that men and women in banking might free themselves of the extreme view that what they do constitutes the end result of all achievement.

For you do get that idea in reading Mr. Marquand's latest. He has dealt with banking with tongue in cheek and has pointed up the structure which employs so many thousands happily.

Point of No Return might just as well have been written against the background of textiles, or motor car manufacturers, or steel. Banks as such, even the fictional Stuyvesant, cannot hope to rule the lives of those who struggle for greater supremacy for their institutions. Lost as they may be in a growing feeling of ineffectualness, personal living—high personal living—must go on. There is no stopping it. And Mr. Marquand knew that.

The book is lively reading. There will be no quarrel with the author's choice of scene. The business of banking is glad to welcome Charles Gray, his family, and his story.

H.

Other Books

A CHARTER OF WORLD TRADE. By Clair Wilcox. Macmillan, New York. 327 pp. \$4.50. This book is about the charter for an international trade organization written by 50 nations at Havana a year ago. It contains the text of the document, its background, the negotiations that produced it, and an analysis of each provision.

PETER SALT. By *James P. Gardner*. Bruce Humphries, Inc., Boston. 347 pp. \$3. This historical romance of the 19th century is by a retired New York banker. The scene is laid on the Scottish border, in London, and in New York. The panic of 1837 is brought into the story. Mr. Gardner is the author of *Reminiscences of a Scottish Laddie*.

OVERSEAS INFORMATION SERVICE OF THE UNITED STATES GOVERNMENT. By *Charles A. H. Thomson*. Brookings Institution, Washington, D. C. 390 pp. \$4. An account of a new government activity, developed during the war and continued by the State Department.

ECONOMIC ANALYSIS. By *Kenneth E. Boulding*. Harper, New York. 873 pp. A revised edition of a textbook.

PRINCIPLES OF URBAN REAL ESTATE. By *Arthur M. Weimer* and *Homer Hoyt*. Ronald Press, New York. 504 pp. \$4.75. A revision of a text first published in 1939. Several chapters have been added and the original material expanded and reorganized.

THE ECONOMIC REPORTS OF THE PRESIDENT. Harcourt, Brace, New York. 311 pp. \$2.75. These are the five reports prepared by the President with the advice of his Council of Economic Advisers, and made to Congress from July 1947 to January 1949. The joint Congressional Committee reports of 1947 and 1948 are also included. Messrs. Nourse, Keyserling, and Clark, comprising the Council, said that the economic reports "represent the first systematic effort to achieve the objectives sought by Monroe, Lincoln, and other predecessors of President Truman."

NUMERICAL CALCULUS. By *William Edmund Milne*. Princeton University Press, Princeton, New Jersey. 383 pp. \$3.75. A book primarily for actuarial students, statisticians, applied mathematicians, and scientists who seek numerical solutions.

MATHEMATICS OF INVESTMENT. By *Walter Lee Porter*. Prentice-Hall, New York. 149 pp. \$3.80. A textbook emphasizing problem analysis and adaptation of data to general rather than specific formulas. There are many tables and formulas covering interest, annuities, bonds, etc.

PARTNERS IN PRODUCTION. Twentieth Century Fund, New York. 149 pp. \$1.50. The report of the Fund's

labor committee, offering "a basis for labor-management understanding."

HOW TO THINK ABOUT YOUR JOB. By *Stanley Brown*. Graphic Group, Whitestone, New York. 32 pp. 25 cents. This little pamphlet by the personnel officer and vice-president of the Chemical Bank and Trust Company of New York is a terse, sprightly presentation of pointers toward success. There are two major requirements for reaching the top says Mr. Brown: Get something to sell, and then learn how to sell it. He offers numerous suggestions on both the product to be sold and the methods of marketing it—the tangibles and intangibles that go into the success formula.

CENTENNIAL HISTORY OF THE PENNSYLVANIA RAILROAD COMPANY, 1846-1946. By *George H. Burgess* and *Miles C. Kennedy*. The Pennsylvania Railroad Company, Philadelphia. 808 pp. \$3.50. Divided into 10 parts on the basis of the successive administrations of the company, this book presents a detailed account of the road's growth and present status, from the viewpoint of the current management. The authors are members of the engineering firm of Coverdale and Colpitts. The work contains many tables, charts, maps and reproductions of old prints and photographs.

BANKING. By *W. J. Thorne*. Oxford University Press, New York. 160 pp. \$2. An exposition, for the laymen, of British banking's evolution, functions, and services.



"I don't exactly do business here—I just use their deposit slips to write my shopping lists on"

HOW TO OBTAIN BANK COSTS. By *Ernest S. Woolley*. Bankers Publishing Company, Cambridge, Massachusetts. 139 pp. \$5. This revised edition of a manual by a specialist in bank cost systems and problems stresses the importance of obtaining accurate costs. Each step in the method suggested, beginning with income distribution and continuing through distribution of expenses and cost allocation, is considered in sequence.

HOW TO LOCATE SKIPS AND COLLECT. By *A. M. Tannrath*. John A. Patton, Chicago. 252 pp. \$5.

For more than 25 years the author of this book has been a "skip-tracer," and he now passes along to others the knowledge and experience he has gained in this unusual business. He reports that by use of the system described he has successfully trained high school graduates, in six months' time, to be "competent and capable" locators of skips and collectors of old accounts.

There are chapters on the techniques of tracing, collecting old accounts, instalment credit routines, collection letters and forms, and practical suggestions for running down delinquents.

MAGAZINES IN THE UNITED STATES. By *James Playsted Wood*. The Ronald Press Company, New York. 299 pp. \$4. The subtitle of this volume is "Their Social and Economic Influence." The 24 chapters deal with the history of magazines in America on a chronological basis and with varied types of publications—women's magazines, "digest" magazines, humorous magazines, etc. This is an interesting contribution to American history, in very readable form.

PRIMITIVE MONEY IN ITS ETHNOLOGICAL, HISTORICAL, AND ECONOMIC ASPECTS. By *Paul Einzig*. Eyre & Spottiswoode, Ltd., London. 505 pp. 15 shillings. A British economist makes an extensive research into anthropology and economics and concludes that money is a social institution that motivated ancient as well as modern communities. The book contains much interesting material on the evolution of money from earliest recorded times.

AMERICAN PUBLIC FINANCE. By *William J. Shultz* and *C. Lowell Harris*. Prentice-Hall, New York. 773 pp. \$7. The fifth edition of a text that now encompasses operational fiscal changes and the expansion of fiscal theory during the past seven years.

EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

The Outlook. At the start of this year it was commonly said that we were entering a period when it was going to be hard to make decisions.

Take that decision, for example, by the Government when it planned its legislative program to fight inflation, only to spend the first few months of the year looking for the fire. Business, in turn, decided that the Government's legislative program was a threat; whereas subsequent events, notably a slowing down in business, threw the whole program into question. The threat still remains. Now you see it, now you don't, like that celebrated phantom: "Last night I saw upon the stair, a little man who wasn't there. He wasn't there again today. Oh, how I wish he'd go away!"

While caution is the prevailing mood, the belief seems widespread that there will be no serious setback to business this year. Of course, if we remember what often happens to widespread beliefs, a certain amount of caution would be justified. However, for the time being, even the optimists and the pessimists seem to agree that we have reached that long-awaited period of balanced supply and demand, that we are near the end of a cycle which began with black markets, two-year deliveries on automobiles, and queues waiting for men's white shirts and ladies' nylons, and that the transition thus far has been orderly.

A Lively Ghost

Any reversal of the winter's downward trend would quickly revive talk of inflation controls and higher taxes so the statistics that bloom in the spring are worth watching with special care. Certainly, on the face of things, inflation is a lively ghost and is always accompanied by those Siamese twins, high taxation and the national socialization program.

Just to recall a few of the better known items on the list of inflationary factors, individual savings at the end of 1948 were approximately \$172,251,000,000 compared to \$56,404,000,000 in 1939. Readily cashable savings bonds were \$55,051,000,000 compared to \$2,209,000,000. Demand deposits were approximately \$93,730,000,000 compared to \$32,516,000,000 and currency outstanding was \$28,224,000,000 compared to \$7,598,000,000 just before the war.

We have had experience with many kinds of booms in the past and presumably learned something about handling them. There have been real estate booms, railroad booms, stock market booms and others, but this biggest bubble of all is based upon huge Government expenditures and is new in its present dimensions. For one thing, the management of such a boom is tied more closely to politics than economics.

Capital Expenditures

One of the sensitive indicators of business confidence is projected capital expenditures. The SEC and the Commerce

Department jointly compile these figures and the estimates which they received from business in the early months of this year indicated a small but not alarming decrease for 1949. This accords with estimates compiled by reliable private sources and constitutes one of the principal supports for the prediction that the year will see an orderly readjustment and not a sharp one. There is an important distinction, of course, between planning to spend and spending.

These expenditures in 1948 were \$18,840,000,000 compared to \$16,180,000,000 for 1947.

Spring employment figures will attract more than usual interest this year. The rise of about 1,750,000 in non-farm unemployment between mid-December and mid-January was the first such increase since the war's end. This was followed by another increase of over a half million the following month. Seasonal factors operate here, of course, and if the figures do not show improvement this spring there would be some cause for concern.

Manufacturers' inventories of finished goods is another currently sensitive index whose performance this spring will be watched. These inventories have been increasing since last September and for the period ending with January accounted for 90 percent of the gains in manufacturers' inventories for a four-month period. This suggests the possibility of production cut-backs.

Regarding the farm situation, the "parity ratio" between the index of farm prices and prices paid by farmers for things they buy, which is supposed to reflect farm buying power, sank to 105 percent of the pre-World War I ratio in mid-February, the lowest since 1942.

On the other hand, farmers were estimated to receive \$2,000,000,000 from their crop marketings, including livestock, during March. This would be about the same as February and 8 percent above March of last year. Despite the drops in prices as compared to early 1948, farmers were getting more from a larger volume, which was either sold or put under loan in connection with the price supports.

In January and February there was evidence of nervousness over the construction outlook. This was reflected in efforts of the Government to promote large scale public housing and lower cost private housing.

Subsequently the fear over volume abated, and the Government is sticking by its earlier \$18,750,000,000 estimate compared to \$17,666,000,000 last year.

Military expenditures, at least for the balance of the spring, will be about the same as in recent months. The influence of a foreign military aid program on Government purchases, assuming it is approved by Congress, will come later during the calendar year.

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